

JPRS 72069

18 October 1978

USA: ECONOMICS, POLITICS, IDEOLOGY

No. 8, AUGUST 1978

Reproduced From  
Best Available Copy

**DISTRIBUTION STATEMENT A**  
Approved for Public Release  
Distribution Unlimited

**U. S. JOINT PUBLICATIONS RESEARCH SERVICE**

U S S R

20000414 044

## NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

## PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service (NTIS), Springfield, Virginia 22151. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semimonthly by the NTIS, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available through Bell & Howell, Old Mansfield Road, Wooster, Ohio, 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

Soviet journal articles displaying a copyright notice and included in this report are reproduced and sold by NTIS with permission of the copyright agency of the Soviet Union. Further reproduction of these copyrighted journal articles is prohibited without permission from the copyright agency of the Soviet Union.

<b>BIBLIOGRAPHIC DATA SHEET</b>	1. Report No. JPRS 72069	2.	3. Recipient's Accession No.
4. Title and Subtitle  USA: ECONOMICS, POLITICS, IDEOLOGY No. 8, August 1978		5. Report Date 18 October 1978	
		6.	
7. Author(s)		8. Performing Organization Rept. No.	
9. Performing Organization Name and Address Joint Publications Research Service 1000 North Glebe Road Arlington, Virginia 22201		10. Project/Task/Work Unit No.	
		11. Contract/Grant No.	
12. Sponsoring Organization Name and Address  As above		13. Type of Report & Period Covered	
		14.	
15. Supplementary Notes Translation of the monthly, SShA: EKONOMIKA, POLITIKA, IDEOLOGIYA, published by the Institute of U.S. and Canadian Studies, USSR Academy of Sciences, Moscow.			
16. Abstracts  The report contains articles by Soviet public figures, Americanologists, and others, on Soviet-American relations and on political, military, economic, scientific, technological, and other aspects of life in the United States and Canada.			
17. Key Words and Document Analysis. 17a. Descriptors  Political Science Sociology Economics Geography Propaganda   17b. Identifiers/Open-Ended Terms         17c. COSATI Field/Group 5D, 5K, 5C			
18. Availability Statement Unlimited Availability Sold by NTIS Springfield, Virginia 22151		19. Security Class (This Report) UNCLASSIFIED	21. No. of Pages 151
		20. Security Class (This Page) UNCLASSIFIED	22. Price A08

18 October 1978

## USA: ECONOMICS, POLITICS, IDEOLOGY

No. 8, August 1978

Translation of the Russian-language monthly research journal SSHA:  
EKONOMIKA, POLITIKA, IDEOLOGIYA published in Moscow by the Insti-  
tute of U.S. and Canadian Studies, USSR Academy of Sciences

CONTENTS	PAGE
Soviet Disarmament Program (V. P. Abarenkov) .....	1
U.S., NATO Arms Build-Up Resulting From 'Soviet Threat' (V. V. Zhurkin) .....	13
International Aspects of Dollar Depreciation (M. A. Portnoy) .....	28
United States and the National Liberation Movement in Africa (M. L. Vishnevskiy) .....	45
The Monopolies and Washington (Val. Zorin) .....	56
The American Jewish Community and Israel (S. M. Rogov) .....	70
Against Militarism and the Danger of War (Ye. N. Yershova) .....	85
United States Studies in Poland Today (M. Tarkowski) .....	94
Administration's Measures to 'Regulate' Unemployment (V. I. Baranov) .....	97
Social Background of Lawmakers (Ye. M. Silayeva) .....	111



CONTENTS (Continued)	Page
The 'Grammar of Power' Expounded by 'Fortune' Magazine (N. G. Zyablyuk) .....	119
Power, Inc.* (Morton Mintz, Jerry S. Cohen) .....	125
Optical Electronics--New Development in the Electronics Field* (A. S. Konson, L. P. Belyayeva) .....	126
Organizational Structures of Big Construction Firms (O. P. Vasil'yeva) .....	127
Book Reviews	
Economic Interdependence of Industrial States (A. M. Sutulin) .....	134
Differences Between American and European Multinational Corporations (A. . . Smirnova) .....	138
Canada's Nuclear Potential (Ye. V. Israel'yan) .....	141
State Regulation of Economic Activity (A. A. Poduzov) .....	143
Soviet Views on American Issues.....	144

---

\* Not translated by JPRS

# PUBLICATION DATA

English title : USA: ECONOMICS, POLITICS, IDEOLOGY  
No 8, Aug 1978

Russian title : SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA

Author (s) :

Editor (s) : V. M. Berezhtkov

Publishing House : Izdatel'stvo Nauka

Place of Publication : Moscow

Date of Publication : August 1978

Signed to press : 11 July 1978

Copies : 38,000

COPYRIGHT : Izdatel'stvo "Nauka", "SShA - ekonomika,  
politika, ideologiya", 1978

## SOVIET DISARMAMENT PROGRAM

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 78  
pp 3-12

[Article by V. P. Abarenkov]

[Text] The final document adopted 30 June 1978 at the special session of the UN General Assembly on disarmament acknowledges that the accumulation of weapons, particularly nuclear, "represents more of a threat than a protective measure for the future of peoples. For this reason, the time has come to put an end to this situation, to ban the use of force in international relations and to begin the search for security through disarmament--that is, by means of a gradual but effective process which will begin with reduction of the present level of armaments. The most immediate and important objectives are curtailment of the arms race and the accomplishment of real disarmament. The attainment of these objectives of worldwide historic significance will be in the political and economic interests of all states and peoples in the world, the interests of guaranteed true security and a peaceful future."

The Soviet Union proposed an extensive group of far-reaching initiatives in this area at the special UN General Assembly session on disarmament. The Soviet proposals stipulated in the document "On Practical Ways of Curbing the Arms Race"<sup>1</sup> cover all of the main aspects of the disarmament problem--from the curtailment of nuclear arms production and the reduction and subsequent total liquidation of stockpiles to such major political issues closely related to disarmament as the issue of concluding a treaty on the non-use of force in relations between states and the peaceful settlement of all disputes. The proposals are aimed at the institution of practical measures to solve the disarmament problem and to stop the arms race that has been forced upon the world by the NATO bloc.

The Soviet program for solving the disarmament problem is based on the 25th CPSU Congress' program of further struggle for peace and international security and for the freedom and independence of peoples and on the ideas expressed by L. I. Brezhnev, general secretary of the CPSU Central Committee and chairman of the Presidium of the USSR Supreme Soviet, at the 18th Komsomol Congress.

Specifically, the Soviet Union called for discussion of the program for instituting the following measures within a definite and limited period of time:

The curtailment of the production of nuclear weapons of all types in order to begin the gradual reduction of stockpiles, progressing toward their complete liquidation;

The curtailment of the production and the banning of all other types of weapons of mass destruction;

The curtailment of the development of new types of conventional arms with great destructive force;

The refusal by permanent members of the Security Council, as well as nations tied to them by military agreements, to build up their armies and augment their conventional weapons.

The documents submitted by the Soviet Union also set forth ideas about the basic guidelines for the struggle to curb the arms race and effect disarmament, which should be the primary focus of attention. Above all, these include the need to eliminate the nuclear threat and, in this connection, to find comprehensive solutions to such problems as the curtailment of nuclear arms production, the total banning of nuclear tests and the further reinforcement of the system ensuring the nonproliferation of nuclear weapons. Special mention should be made here of the new issue raised by the Soviet Union--the non-deployment of nuclear weapons in states where they do not now exist. The resolution of this problem could ultimately aid in preventing the destabilization of the current strategic situation. The Soviet Union is willing to take on this kind of obligation and has requested all other nuclear powers to do the same.

Persistent efforts to ban new types and systems of weapons of mass destruction must continue to be displayed and, in connection with this, international action must be taken soon to completely exclude the dangerous possibility of the appearance, in particular, of neutron weapons.

Finally, it is important to successfully conclude, as soon as possible, the series of talks now going on in regard to crucial aspects of disarmament on the bilateral (above all, SALT) and multilateral bases, and to considerably expand the group of states party to the international agreements that have already been concluded on disarmament.

The Soviet Union did not merely propose a set of measures in the area of disarmament, but also expressed views on the way in which these measures might be agreed upon and on the proper approach to their implementation. For example, the process could begin with measures to stop the production of nuclear weapons. The Soviet Union proposed that the need for such talks be agreed upon fundamentally and that the specific date for beginning these

talks be set, with a view to the fact that the issue of the non-use of force in international relations will also be settled during the course of these talks. In addition to all of the nuclear powers, the talks might also involve some states without such weapons: the exact set of participants could be determined either through diplomatic channels or by a preparations committee. The agenda could be agreed upon in the same way.

Therefore, as L. I. Brezhnev stressed in his speech at a festive meeting in Prague on 31 May 1978, "the Soviet Union and the fraternal socialist countries came to the session with proposals and initiatives which have been considered from every angle and were aimed at constructive work and practical results."<sup>2</sup>

The Soviet proposals and views on disarmament had great repercussions in the world, they became the dominant topic of discussion at the session and they were highly commended by UN Secretary General K. Waldheim and many prominent statesmen and political and public figures from various countries. All of the main ideas expressed by the Soviet Union served as the basis of the final document adopted at the session. Nonetheless, as A. A. Gromyko, member of the Politburo of the CPSU Central Committee and USSR minister of foreign affairs, said at the Ninth Session of the USSR Supreme Soviet, Ninth Convocation, "the session also proved something else: Serious obstacles still have to be crossed on the way to agreement on real disarmament. This special session is only one stage in this process."<sup>3</sup>

#### A Threat to Human Life

The USSR's new proposals are based on our state's consistent and principled line advocating total and universal disarmament under strict international control. At the same time, they also represent, in concentrated form, the world public's concern about the increasingly dangerous nature of the arms race, which is threatening to throw mankind into the abyss of nuclear catastrophe. The arms race has now taken on truly global dimensions. It has become something of a monster which lives and evolves according to its own monstrous rules. Action gives rise to counteraction and, as a result, a chain reaction. The race for nuclear arms is rivaling the race for conventional arms, and together they result in the relentless accumulation of tools of death and destruction. All of this is poisoning the international atmosphere, sowing mutual suspicion and actually leading the world to the age of the black abyss of nuclear war.

Naturally, stockpiles of nuclear weapons, with their incredible destructive potential, represent the greatest danger. It is precisely for this reason that the Soviet Government has proposed that the implementation of the disarmament program begin with agreements on the curtailment of nuclear arms production. Around 30 years ago it would have been the right time and a relatively easy task to smother the nuclear monster in its cradle. Its rejection was a simple and clear solution to the problem, the USSR then asserted. Alas, the voice of reason was not heard, and now mankind must gather the fruits of the opportunism of those who were then in power in

Washington. The accumulated stockpiles of nuclear weapons are so great that they are more than enough to destroy every living thing on earth. According to UN estimates, their total destructive potential is equal to 1.3 million bombs of the type dropped on Hiroshima by American planes. Calculated in conventional explosive terms, the destructive force of nuclear stockpiles amounts to 15 tons of TNT for each person on earth.

So-called conventional weapons are also quite dangerous, particularly the more destructive types. Their cost has risen at a fantastic rate. Whereas a tank cost around 55,000 dollars during World War II, models are now being developed at a cost exceeding 1 million dollars. The submarine is now 70 times as "expensive" and the modern destroyer is 130 times as costly. Even the rifle now costs almost 3 times as much. And, after all, these additional funds are not being spent to give a cosmetic gloss to the shell casing or missile warhead. They are being spent to increase the accuracy and killing force of weapons. For example, a bomb equipped with laser or remote control is 145-4,000 times as effective, depending on its weight and the nature of the target. Whereas the current system for guiding the Minuteman-3 missile warhead guarantees accuracy within 200 meters from a distance of 13,000 kilometers, the new system for the same missile increases this accuracy to within 100 meters--that is, it doubles it.<sup>4</sup>

More and more of the gifts and fruits of the scientific and technical revolution are being offered up to the god of war. According to some data, defense research now requires around 20 billion dollars a year and an army of 400,000 scientists, engineers and technicians employed in the field of defense. In all, more than 50 million persons are working in the military sphere. "Total resources spent on the arms race since World War II," states one of the documents drawn up by the UN secretary general, "exceed 6 trillion American dollars, which is approximately equal to the total national product of the entire world in 1976."

Fantastic sums are being spent in the world on the race for arms--both nuclear and conventional. This race now costs a billion dollars a day. And in this area the Western countries, particularly the United States, are breaking one world record after another. In 1978 the U.S. defense budget will total almost 117 billion dollars. The same tendency can be seen within the NATO framework. Last year the direct military expenditures of NATO countries exceeded 165 billion dollars. Over the last 10 years as a whole, they have spent 1.3 trillion American dollars for military purposes! Besides this, they have now already programmed an automatic annual increase of at least 3 percent in their military spending. Even this, however, according to U.S. Secretary of Defense H. Brown, "might not be enough."

#### Striking Contrasts

During the same days when representatives of 149 states gathered in the UN building in New York to discuss ways of curbing the arms race, the NATO countries convened a regular summit session of the bloc council in Washington. The agenda of the NATO Council session included the question of new long-range

military preparations. President J. Carter "made a choice," as correspondent J. Reston wrote, in favor of NATO and declined to make the expected speech at the UN disarmament session, as he "could not talk to NATO about the buildup of U.S. arms in Europe and simultaneously address the United Nations with a trust-inspiring appeal for the deescalation of the arms race."

It is therefore not surprising that the speech presented by Vice-President W. Mondale, who spoke on behalf of the United States at the special session of the UN General Assembly, made a strange impression on many delegates and observers. It "did not contain a single important proposal concerning disarmament issues" and it was in the spirit of the cold war, reported the NEW YORK TIMES.

There is no other way of categorizing the position occupied by the United States at the special UN session on disarmament as a position of justifying the arms race by means of false and far-fetched arguments. Western theoreticians and scientists serving the defense monopolies tried to justify the arms race in various ways. Their set of "justifications" includes the theory of the "equilibrium of fear," the scarecrow of the West's "military backwardness and weakness," the appeal for military superiority to the USSR, "economic arguments" and slanderous lies about the "Soviet threat" to the West.

Experience totally discredited the false theory of the "equilibrium of fear" long ago; for many years, it served as the theoretical basis for the justification of the arms race. The absurdity of the insistence on the continuous buildup of nuclear weapons for the attainment of military or political advantages has been repeatedly pointed out in statements and documents by prominent Western politicians and statesmen, including U.S. figures. Even the current President has admitted that although the United States now has five times as many missile warheads as it did, for instance, 8 years ago or so, "our security has not become five times as reliable. On the contrary, the arms race has only increased the danger of conflict."<sup>5</sup>

In recent years, certain circles in the United States have insisted more and more that the arms race be directed into the "technological channel" and that the scientific and technical revolution be used intensively and extensively for this purpose. All of the talk about the need to "preserve the technological superiority" of the United States, however, represents a fairly transparent veil, which is covering the same obsession with guaranteed military superiority to the USSR. The words are different but the meaning is the same. At one time, American Professor J. Rutgens said that the desire for "technological superiority" signified no more or less than the "rerouting of the arms race."<sup>6</sup> Professor R. Pipes has also called for the escalation of a technological, or "qualitative, race," believing that "the result will almost certainly be considerable superiority."<sup>7</sup> The course of the "technological race" or, as it is now more tactfully called, the "American doctrine of quality," is having an increasing effect on U.S. military strategy. "Most of the engineers of American policy place a high value on the preservation of technological superiority,"<sup>8</sup> FOREIGN AFFAIRS noted in this connection.

This course is being actively promoted by such arms race veterans as Senators H. Jackson, J. Stennis and J. Tower or the now private individual P. Nitze.

At the same time, voices warning that this course will not produce the desired results have been heard in the United States for a long time now. "Our real security interests," M. Shulman, now special adviser to the U.S. secretary of state on Soviet affairs, wrote, for example, in 1975, "call for the stabilization of military rivalry on modest levels, and not the dramatic acceleration of the rates at which new military technology is developed in the futile desire for superiority that is now threatening to block present and future talks on strategic arms limitation and diminish our security."<sup>9</sup> "It must be understood," J. Sparkman, chairman of the Senate Committee on Foreign Affairs, stresses, "that the Soviet Union will not allow the United States to achieve nuclear superiority. Attempts at this will only intensify the arms race and increase the danger of war." Logical warnings about the futility of attempts to "surpass the Russians in terms of the quantity and class of weapons" have also been voiced by G. Kennan, veteran of American diplomacy, as the Soviet Union, he is certain, "will find alternative solutions." He correctly believes that constructive dialog is necessary between the USSR and the United States for the purpose of curbing the arms race.

While the special session of the UN General Assembly on disarmament was meeting, the head of the Soviet State again called upon Western states to honestly and sincerely talk about disarmament. "There is no type of weapon the USSR would not be willing to limit or ban on a mutual basis upon agreement with other states," said L. I. Brezhnev, speaking in Prague. "It is only important that all of this is done without threatening the security of anyone, on the conditions of the complete reciprocity of the states possessing the particular weapons. It is important that the desire to stop the arms race be sincere, and not simply for show.... It is time to realize that the arms race will not benefit anyone. We must put an end to it and conscientiously work toward disarmament."<sup>10</sup>

The constructive and far-reaching proposals invariably advanced by the USSR in the world arena for the purpose of stopping the arms race, reversing its course and taking steps toward disarmament represent conclusive proof of its peaceful intentions. These proposals have never been aimed at the attainment of onesided military advantages and have never been advanced on the "accept or reject" principle. But they have always envisaged the final goal as the total and complete resolution of a specific problem.

For the first time in history, all ten of the principles which the states participating in the Conference on Security and Cooperation in Europe agreed to use as a guide in their interrelations have been stipulated precisely in the Constitution of the USSR (and, as yet, only in this nation's constitution). For the first time in international governmental and legal practice, the struggle for universal and total disarmament has been elevated to the status of a constitutional principle in the USSR.



Top-level Soviet leaders have repeatedly announced clearly and precisely that the USSR does not intend to strive for military superiority, that it is not preparing to deliver the first nuclear strike and that, in general, it does not intend to attack anyone.

Nonetheless, throughout the postwar period, American propaganda has spread the myth of the "Soviet threat." This blasphemous accusation has been leveled against a people who paid with the lives of 20 million of their sons and daughters to put an end to aggression and save the people of Europe from fascism, and who are now engaged in peaceful construction in their own country. This blasphemous pretext has been used and is now being used in the United States whenever it is necessary to push high defense budgets through the legislative bodies and receive advance funds for the development and manufacture of new, even more refined and fatal weapons of mass destruction. Like two-faced Januses, some military figures are able--depending on their audience--to describe the horrors of the "imminent Soviet threat," and literally on the next day, with no concern for even elementary logic, to brag about the military strength of the United States and its superiority to the USSR.

This is a far from new or original method for deceiving and frightening the common people in the West. As early as 1919, V. I. Lenin wrote: "There are foolish people who yell about Red militarism; they are political scoundrels who pretend to believe in this foolishness and fling accusations of this kind at the right and the left, using their rhetorical talents to invent false arguments and throw sand in the eyes of the masses."<sup>11</sup>

The myth of the "Soviet threat" collapses the very first time it is fairly and objectively compared with the facts.

It is known that the balance of power of the military groups has become approximately equivalent in recent years in the world as a whole and in its critical region--Europe. It is precisely the nuclear equivalence between the USSR and the United States, an equivalence which has been acknowledged more than once even by Washington leaders, that permitted these two countries to begin talks on the limitation of strategic weapons and work out certain agreements without endangering the security of either side. Otherwise, it would have been simply impossible to conclude agreements of this kind.

The exchange of information concerning the numerical composition of the armed forces of NATO and the Warsaw Treaty Organization in Central Europe, for example, which took place at the Vienna talks, provided documented proof that the considerable disproportions in this region in favor of the socialist countries, which have been spoken of for so long by the Western nations, exist neither in the total size of armed forces nor in the number of ground troops: NATO's total armed forces in this region consist of 981,000 persons while the forces of the Warsaw Pact nations number 987,300. And their respective ground forces number 791,000 and 805,000.<sup>12</sup>

The strengthening of mutual trust calls for "two-way traffic." It would be quite naive to assume that the USSR does not see or notice what is going on around it both in the West and in the East. Ostensibly, it has not heard the militant ardor of television interviews granted by, for instance, the U.S. President's national security adviser Z. Brzezinski, essentially for the sole purpose of misrepresenting Soviet policy and, on the hush-hush, simultaneously justifying the arms buildup of the United States and the other Western countries. Ostensibly, it does not know that a 15-year program for the buildup and perfection of approximately 100 types of weapons at a cost of 80 billion dollars was adopted at the May session of the NATO Council under pressure by Washington. Ostensibly, it has not heard how N. Cameron, England's defense headquarters chief, is openly sacking China on the "common enemy" "with its capital in Moscow," not to mention the militant statements made by A. Haig, Y. Lunz and other American and NATO generals and admirals.

The opponents of detente would like the world to regress to suspicion and hostility, to new relays in the arms race and to the tension and fear of the cold war. But the vital interests of the public, including the Western public, are on a completely different plane.

#### The Use of Opportunities

Sober-minded U.S. officials, realizing the danger of a shift in national foreign policy toward confrontation and overt struggle with the Soviet Union, are cautioning against the nearsightedness of the militant statements made by top-level U.S. officials about the USSR. For example, Senator G. McGovern sharply criticized Z. Brzezinski's abovementioned interview, underscoring the fact that sensible, responsible and reasonable advisers, particularly those concerned with national security affairs, do not behave in this way. In his opinion, U.S. interests would be furthered by "calm and patient talks with the Russians, and not by pompous ultimatums and alarmist demands." "We do not have to," G. McGovern continued, "love the Russians or even admire them, and they do not have to admire us, to know that the alternative to arms control and detente will be bankruptcy and the ruin of civilization." C. Diggs, chairman of the House Subcommittee on African Affairs, has expressed the same views.

More farsighted figures in the West also realize that now the only alternative to war is detente, and it must be strengthened and used for progress in the main direction--the end of the arms race. This was also corroborated, in particular, by L. I. Brezhnev's visit to the FRG in May of this year. "Faced by the destructive power of the accumulated and constantly growing stockpiles of weapons of all types," the joint declaration signed by L. I. Brezhnev and H. Schmidt states, "we must take concrete steps to end the arms race. Both sides are certain that this is a problem of extreme urgency and importance.... The coordination of further steps toward disarmament and arms limitation must be accelerated so that the process of detente will be supplemented by developments in the area of defense rather than harmed by

them."<sup>13</sup> This calls for the maximum use of opportunities for bilateral and multilateral talks on the limitation of the arms race and on disarmament. And there is no question that such opportunities exist.

For example, during U.S. Secretary of State C. Vance's visit to Moscow this spring and as a result of Member of the Politburo of the CPSU Central Committee and USSR Minister of Foreign Affairs A. A. Gromyko's talks with J. Carter and C. Vance in Washington and New York in May and June, progress was made in the preparation of an agreement on the limitation of offensive strategic weapons. It was ascertained at that time that the overwhelming majority of issues, particularly those of cardinal significance, had been agreed upon, while the number of disputed issues was gradually decreasing. On the whole, there are only two or three issues that have not been completely resolved as yet. If there is a mutual desire for agreement and just consideration for the security interests of both, and precisely both, sides, it will be possible to reach a reasonable and realistic compromise and thereby complete the preparation of the new agreement. The Soviet Union, as A. A. Gromyko reaffirmed at the special UN session on disarmament, is willing, immediately after this agreement has been signed, to begin negotiating a substantial lowering of the level of strategic weapons and further restrictions on their qualitative improvement.

Some progress has also been made recently in the trilateral talks by the USSR, the United States and England for the purpose of drafting a treaty on the universal and total banning of nuclear tests. Naturally, working out this treaty would represent perceptible success in the struggle for the qualitative restriction of the race for nuclear arms.

The preparation of the convention on the banning of radiological weapons is also progressing well; the draft convention has already been agreed upon partially.

There is some basis for agreement in the Vienna talks that have been going on now for almost 5 years. Delegations from the USSR, the GDR, Poland and the CSSR made new constructive proposals on 8 June of this year to lead these talks out of their present impasse. These proposals cited the specific numbers of Soviet and American troops to be withdrawn first. These numbers are quite sizeable. "The USSR, for its part," said L. I. Brezhnev in a speech in Minsk on 25 June, "is willing to withdraw three divisions with all of the corresponding military equipment, including approximately a thousand tanks, over the space of a year."<sup>14</sup> The socialist nations' proposals also express willingness to establish, at the end of two stages of reduction, equal total numerical limits on the armed forces of the NATO and Warsaw Pact countries in Central Europe--900,000 each, including 700,000 ground troops each. The proposals envisage the stipulation that, within these limits, no state will be able in the future to restore or exceed the number of troops it had prior to the reduction. Therefore, the socialist countries are offering their negotiating partners a reasonable and realistic compromise.

In May the USSR and the United States reported to the disarmament committee on the course of their talks on the banning of chemical weapons. The talks are being conducted intensively and fundamental agreement has been reached on most of the aspects of the question concerning the scale of the ban, as well as some of the measures and procedures for supervising the execution of the planned convention. Naturally, this is still far from a draft convention, but reports have made it clear that some progress has been made even in these talks in one extremely crucial area.

According to the Soviet Union, during the next few months it would be completely possible to also conclude the Soviet-American talks on the limitation and subsequent reduction of military operations in the Indian Ocean, after which talks could immediately begin in regard to decisive reduction, including the dismantling of foreign military bases in this zone.

A radical breakthrough in today's most crucial issue--prevention of the use of nuclear weapons and, thereby, reliable prevention of nuclear war--would be of primary significance. All of the nuclear powers must assume particular responsibility in this field. "The Soviet Union, for its part, quite definitely states: We are against the use of nuclear weapons; only an emergency, aggression against our nation or its allies on the part of another nuclear power, could force us to resort to this extreme means of self-defense,"<sup>15</sup> stressed L. I. Brezhnev in his explanation of the Soviet stand on this matter. Moreover, motivated by the desire to do everything possible to diminish the threat of nuclear war and to comply with the wishes of the non-nuclear states, the Soviet Union announced at the session of the UN General Assembly on disarmament "that it will never use nuclear weapons against those states which declined to produce or acquire nuclear weapons and do not have nuclear weapons on their territory." He expressed a willingness to conclude special agreements on this matter with any of the non-nuclear states fitting this description.

The principled line of the Soviet Union toward diminishing the threat of nuclear war is also reflected in Protocol II of the International Treaty on the Banning of Nuclear Weapons in Latin America (the Tlatelolco Treaty), signed in May of this year.

On 16 May the USSR ratified the international convention banning the military or other hostile use of means of influencing the natural environment, which was worked out on its initiative. It is now important that as many states as possible become party to this new international agreement which covers yet another channel of the arms race.

The Soviet Union's initiative in regard to the banning of neutron weapons had positive repercussions. "I applaud L. I. Brezhnev's announcement that the Soviet Union will refrain from the production of neutron weapons if the United States does the same," declared P. Mitchell, chairman of the black caucus of the U.S. Congress. "This is a good and reasonable proposal.... Many members of Congress supported President Carter's decision to postpone the production of the neutron warhead. But we feel that this is not enough:

We must take the next step and refuse to produce this monstrous weapon in general." These feelings were reflected in the proposal, submitted by 22 congressmen, concerning a ban on the financing of the program for the production and deployment of the neutron bomb.

#### It All Depends on Washington

The spokesmen of the military-industrial complex in the U.S. House of Representatives rejected the abovementioned proposal by the group of congressmen that the financing of the development and deployment of the neutron bomb be prohibited. Moreover, the Senate Committee on the Armed Services adopted a resolution in accordance with which the funds for the "neutron" modernization of the Lance missile, for example, will be allocated to the Pentagon regardless of whether the President approves the production of the neutron bomb or not. According to the WASHINGTON POST, this reflects the desire of the "hawks" in Congress to "give the President additional leverage" which will be useful in "forcing the Soviet Union to make concessions" at the strategic arms limitation talks.

Newspaper correspondents have pointed out the fact that the President's abovementioned announcement was followed by reports in the American press on extensive plans for the development and production of new models and versions of tactical and strategic weapons. These include the new RRR nuclear bomb--the opposite of the neutron bomb--and the new warheads for the Trident and Minuteman-3 ballistic missiles, as well as warheads for new tactical and strategic versions of the winged missile and the strategic B-77 nuclear bomb. But this is not all. The President has sanctioned the development of other new types of nuclear weapons for the period up to 1985. In particular, this refers to a warhead for the Army's Pershing-2 tactical missile with a range of more than 600 kilometers and a warhead for the ground-launched winged missile. The question of developing a new maneuverable warhead for the U.S. Navy has also been settled. The American Air Force is not sitting idly by either, and is also working on the latest systems of air-borne weapons.<sup>16</sup>

The new U.S. defense budget of 128.7 billion dollars has been approved for 1979. The Pentagon will even receive 300 million dollars more than it requested. The House Committee on the Armed Services of the U.S. Congress approved a bill on appropriations of more than 4 billion dollars for the construction of new American military bases in various regions, primarily Europe, during the coming fiscal year.

As we can see, the Pentagon has made its final word known. And we should not have expected anything else from it. But they should realize that the well-considered and responsible approach leaves no room for haste which borders on deliberate contempt for the proposals, considerations and steps of the other side. In exactly the same way, there can be no room for competitive political gains, much less the temptation to conduct affairs from "a position of strength" once again, now that the matter concerns proposals regarding arms limitation and disarmament.

As for the Soviet Union, it is completely aware of its responsibilities and is filled with determination to continue its firm line of ending the arms race, achieving disarmament and transferring the colossal funds now being used for the production of weapons to the peaceful needs of the public and the improvement of public welfare. "We," A. A. Gromyko announced at a session of the USSR Supreme Soviet on 6 July 1978, "will continue the struggle to solve these problems so that concluded agreements will take the form of strict international obligations."

#### FOOTNOTES

1. See PRAVDA, 31 May 1978.
2. Ibid., 1 June 1978.
3. Ibid., 7 July 1978.
4. "World Armaments and Disarmament," SIPRI Yearbook 1977, Stockholm, 1977, p 5.
5. WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, 21 March 1977, p 397.
6. "The New Era in American Foreign Policy," Ed. by Gilbert, New York, 1973.
7. INTERNATIONAL HERALD TRIBUNE, 9 February 1977.
8. FOREIGN AFFAIRS, April 1978, p 561.
9. THE NEW YORK TIMES, 31 October 1975.
10. PRAVDA, 1 June 1978.
11. V. I. Lenin, "Poln. sobr. soch." [Complete Collected Works], vol 38, p 50.
12. PRAVDA, 8 June 1977.
13. Ibid., 7 May 1978.
14. Ibid., 26 June 1978.
15. Ibid., 26 April 1978.
16. THE WASHINGTON POST, 2 May 1978.

8588

CSO: 1803

U.S., NATO ARMS BUILD-UP RESULTING FROM 'SOVIET THREAT'

Moscow, SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian  
No 8, Aug 78

[Article by V. V. Zhurkin]

[Text] The propaganda campaign directed against the imaginary "Soviet threat" flared up in the US with new force at the beginning of this year. Moreover, the characteristic features of the modern version of this campaign were revealed with special clarity; this version is reminiscent of the Cold War at times.

The topic of the "Soviet military threat" has been a "built-in" element of US political life for a long time now. From year to year, when the military budget is being pushed through Congress, it is accompanied by a wave of statements, publications and rumors emanating from military circles about the unthinkable "dangers" which the US will be subjected to if the requested appropriations are not approved or if a particular weapons system is not given the green light. This aspect is also being preserved in our time just as it was in the beginning.

In addition, this campaign has acquired a new quantitative scale and qualitative differences today. In our time, it has become the cutting edge of the political activity of all those forces in the US who are trying to reverse the process of detente or who are trying to achieve unilateral concessions from the Soviet Union and the entire socialist commonwealth. At the same time, the level of the campaign has been raised--it has become an important, integral part of US governmental activity in the international arena. Many responsible people, beginning with the president and the vice president, are taking part in its realization; this cannot help but put us on guard.

The topic of the "Soviet threat" rang out in extremely sharp form in President J. Carter's speech to the graduates of the US Naval Academy in Annapolis on 7 June 1978. The President's speech was devoted to the problems of Soviet-American relations and it contained unfounded accusations against the USSR for "excessively increasing its military power."<sup>1</sup> It should be emphasized that although J. Carter's speech also contained positive features (the recognition of detente's role and the need for developing international co-operation and the strategic arms limitation talks), it was primarily couched in a tone of confrontation. It put forward unacceptable terms for the Soviet Union and it made attacks on the Soviet social system. The thesis of an imaginary "Soviet threat" was used as a justification for strengthening US and NATO military preparations and the new, major programs for increasing their armament which were adopted at the session of the NATO Council which took place in Washington on 30-31 May 1978.

The "anatomy" of the campaign against the "Soviet threat" is complex. It is being developed in our time on several levels at the same time; moreover, although its diverse currents have their own special features, they are closely intertwined with each other and form a unified whole in the final analysis.

The military industrial complex and the political organizations created by it, like the Committee on the Existing Danger, are emerging on a broad front; they intersperse elements of truth about Soviet defense programs--which are not threatening anybody--with abundant streams of lies. A unique galaxy of towncriers for the military industrial complex on the "Soviet threat" has already been formed; it invariably includes senators H. Jackson, S. Nunn, S. Thurmond, B. Goldwater, and D. Moynihan; "ex-officials"--important officials of a particular administration in the past, like P. Nitze; anti-Soviet members of the "academic world," such as R. Pipes; union bosses, first and foremost G. Meany; and many other figures in the service of the militarists.

In their speeches, they are imposing all kinds of fears on the Americans regarding Soviet strategic forces, the armed forces of the USSR and the other members of the Warsaw Pact in Europe, the Soviet Navy, civil defense and other defensive measures of the socialist commonwealth and the USSR's assistance to African liberation movements and victims of aggression. The military industrial complex is forging ahead and accomplishing its breakthrough mission; its mission is to paralyze public opinion and US political circles, intimidate people and deprive them of the ability to evaluate the true state of affairs in an independent and sober manner. It is significant



that several members of the administration are also marching in step with them, specifically the US President's assistant for national security affairs, Z. Brzezinski.

Many prominent Pentagon officials are stirring up anti-Soviet hysteria on an especially active basis; Gen A. Haig, the Pentagon's main representative in Europe and the Supreme Allied Commander of NATO armed forces in this area, stands out among them. Retirees like former AF Gen G. Keegan are used when it is necessary to put out an especially absurd cock-and-bull story; he raised the fuss about the "threat" which Soviet civil defense supposedly poses for the US. The campaign bore fruit: the Pentagon was able to get an increase in appropriations for civil defense in the US and the companies interested were able to get new, favorable contracts. It is significant that the different Services have their own favorite "Soviet threat" (the AF has strategic missiles, the Navy has the "Soviet naval threat," etc.), which is exaggerated depending on which program the Pentagon is interested in speeding up at a given moment. The American military has many years of experience with these campaigns and it is operating in a coordinated and energetic manner.

US statesmen, including at the highest level, are participating in the campaign in their own way. They frequently concentrate attention on one of its elements and try to "highlight" it in every way possible depending on the political needs of the moment. US Vice-President W. Mondale's 24 May 1978 speech at the UN General Assembly's special session on disarmament is a vivid example of this. He made a lot of the "Soviet threat" in Europe by singling it out from a number of other "threats" and "minor threats." The political requirement arose from the US's steadfast efforts to get its West European Allies to further increase their contribution to NATO's military posture. Overall, while participating in the campaign against the "Soviet threat," US governmental leaders are falling under the influence of the growing pressure from the military industrial complex; they are beginning to take up militaristic positions on their own.

A certain part of the US press is playing an extremely unseemly role in this campaign. They are precisely the ones who are promoting the psychological climate of suspicion, fear and mistrust which makes it comparatively easy for the propaganda salvos from the military and the politicians to achieve their goals. The special mission of these American press agencies is to develop the striking propaganda cliches which were conceived during the Cold War when the system of slogans was created which attracted attention to the imaginary "gaps" between the

US and USSR in a particular area depending on what part of the arms race it was necessary for the Pentagon to speed up. Previously, this was the "bomber gap" and the "missile gap." Today, it is the "throw-weight gap" (strategic nuclear warheads) and the civil defense gap.

The analysts of the military academic complex have a specific mission. Their mission is to search for and find new "Soviet threats" for the period when the old ones cease to upset the Americans in an efficient manner. Thus, an assessment is already underway about the possibility of developing a campaign on the "nuclear submarine gap" at the end of the 70's and beginning of the 80's; the date--1986--has already been determined when the rate of introduction for the new Trident strategic submarine will supposedly lag behind the requirement created by the retirement of the obsolescent Polaris and Poseidon submarines.<sup>2</sup> This recurring myth about the recurring, imaginary gap can easily be used to steer the appropriate programs through Congress and to speed up development of new elements for the submarine component of the US Triad of strategic offensive forces.

The new, governmental nature of the campaign against the "Soviet threat" is closely connected with its goals in the contemporary situation; these goals greatly exceed the Pentagon's traditional goals of pushing its military programs through Congress. In our time, the tasks are a lot broader. As L. I. Brezhnev points out, "the people who are presently stirring up the far fetched campaign about the 'Soviet military threat' in the West are actually thinking about something else. They do not want to reconcile themselves to the approximate equilibrium which has developed in the sides' balance of military forces and they want to achieve superiority."<sup>3</sup> The tendency to try to destabilize the existing strategic parity to the benefit of the US can be seen in several American weapons systems which are being planned or developed (cruise missiles, the new Mark 12-A warhead for the Minuteman ICBM, the MX ICBM and others).

The campaign on the "Soviet threat" also has another political-military goal: to ensure support for the high level in the arms race and military preparations under the conditions of detente. The impression is being created that the number of people who are intent on ensuring their country's longterm national security by efforts directed at changing the current balance of military forces in their favor and not through a system of mutually advantageous international agreements to limit and subsequently reduce arms (including strategic arms) is increasing within US ruling circles. The campaign on the "Soviet threat" makes it possible for these circles to achieve precisely this kind of negative decision within the US.

It should be emphasized that the US and its allies are carrying out a developed program of military measures themselves under the cover of this campaign; at present, many of these measures already represent a considerable threat to the USSR and the other socialist countries. Moreover, these measures are being carried out precisely in those "hot spots" around which the waves of the propaganda fuss are raging.

In Central Europe--i.e. the area about which the talks in Vienna are proceeding--the Soviet Union has not increased its armed forces for a number of years (the US Secretary of Defense H. Brown also admitted this again in his television appearance of 7 June 1978). In their turn, several members of NATO have increased the strength of their contingents here since the Vienna talks began. Thus, the US increased armed forces in this area by two mechanized brigades (18,000 men) and they are carrying out a further expansion of them (by 8,000 men in 1978). The FRG increased the number of its tank brigades by three; moreover, the number of tanks in service with the Bundeswehr increased by 587 (when compared to the corresponding figures cited in reports in THE MILITARY BALANCE of the International Institute for Strategic Studies).<sup>4</sup>

The combat potential of NATO air forces in Europe has significantly increased although there has not been any especially large increase in their numbers. Thus, the number of US fighter aircraft in Europe increased by approximately 13 percent; but, at the same time, the number of F-111 fighter bombers deployed in Europe more than doubled (they increased by 116 percent); the F-111 has a range of over 6,000 km and it is able to carry both nuclear bombs and nuclear air-to-surface missiles. The F-111 fighter bombers stationed in Europe are essentially a US strategic weapon since they can reach vast areas of the Soviet Union. This is only the most important example of the increase in NATO's combat power in Europe, especially in the central region. This is the true state of affairs.

As shown by the exchange of data between the members of the Warsaw Pact and the states in the NATO bloc at the Vienna negotiations on the Reduction of Forces and Armaments in Central Europe, there is an approximate parity between them in this area. The troop strength of the Warsaw Pact countries is 987,300 men (including 805,000 in the ground forces). The corresponding figures for NATO armed forces (neither party included naval strength in their figures) are 981,000 and 791,000 men. The latest measures of the NATO countries provide evidence of their poorly disguised attempts to change this quantitative balance somewhat in their favor.

Politicians from the US and a number of other western countries are raising a special fuss about the "hoards of Soviet tanks" and the modernization of other branch arms, specifically the tactical air forces; they say this is what the increase in the "Soviet threat" in Europe consists of. This is contrary to numerous acknowledgements by western military experts that the parity in military equipment in Central Europe is asymmetrical, i.e., one side is somewhat stronger in some types of equipment and the other side is somewhat stronger in other types but, overall, the forces approximately offset each other. Along with the fuss in the campaign about the "Soviet threat," the members of NATO are obviously not averse to changing the balance in their favor.

Specifically, a swift increase in NATO's tank posture in Central Europe is underway. Since the beginning of the Vienna negotiations, the members of NATO have increased the number of their tanks in this region by 1,500 (the number of first line tanks was increased by 500 and the number of tanks in reserve in Central Europe was increased by 1,000). It should be added that the number of NATO tanks in Southern Europe also increased by 1,850 during this period.<sup>5</sup> NATO's plans are a great deal broader. Thus, the US alone plans to sharply increase its complement of tanks by approximately 4,000 new vehicles during the next few years; moreover, this increase will basically be accomplished with new generations of tanks.<sup>6</sup> The FRG and other members of the North Atlantic bloc are increasing the number of their tanks. Moreover, all these measures are being carried out while the Soviet Union and all the countries of the Warsaw Pact--as has been authoritatively emphasized on numerous occasions--are not increasing their armed forces in Central Europe and do not intend to increase them, not by a single soldier or by a single tank.

As far as modernization goes, it is precisely the NATO countries who are actually carrying it out with respect to all the main types of operational and technical weapons they have deployed in Europe. They are putting or plan to put into service new, improved models of tanks, missiles, fighters, ground attack aircraft and heavy assault helicopters.

At the present time, the US is on the verge of a very major reequipping of its tank forces which is directed at sharply increasing its tank striking force in Central Europe. We are talking about the introduction of the new XM-1 tank which has qualitatively different armor, fire power and mobility features in comparison with existing American tanks. The first of these tanks will enter service (and probably appear in Europe) in 1979; future plans call for producing 60 to 150

of these tanks per month over a number of years.<sup>7</sup> Production of the West German twin of the XM-1--the Leopard-II--will also begin in 1979; it resembles the American tank to a great extent in its features. The Bundeswehr has already ordered the first thousand of the new Leopards. The tanks of France, England and other members of NATO are being modernized. Thus, under the fuss of the campaign about the Soviet "tank threat," NATO tank forces are being radically rebuilt.

This rebuilding is proceeding even quicker in the NATO air forces where the introduction of a new generation of combat aircraft has been underway for several years now. The US is also primarily setting the pace in this area; it has or will put four new models into production in the near future. The Grumman Company's F-14 (Tomcat) fighter--which is employed from aircraft carriers and armed with missiles--is the most expensive fighter in the West today (the cost of one aircraft, abundantly filled with the latest electronic equipment, is over 20 million dollars). These fighters have already been put into service with the US Atlantic Fleet and they can be employed in Europe. The multirole F-15 (Eagle) fighter built by the McDonnell-Douglas Company can also carry a variety of missiles. The US deployed the first 72 fighters of this type to its air bases in Europe in 1977. General Dynamics F-16 fighter, which can also be used as a bomber, will be put into service with the USAF and a number of other NATO countries. It was put into production at the end of 1977. Finally, the McDonnell-Douglas Company's F-18 (Hornet) fighter is undergoing tests and will be put into service with the US Navy and Marine Corps in the beginning of the 80's. This fighter can also be used as a bomber. In addition, a series of VTOL fighters are being built for use from aircraft carriers. Overall, plans call for putting approximately 4,500 of these new fighters into operation with the US and its allies in the near future.<sup>8</sup> We are actually talking about reequipping the backbone of NATO's tactical air forces.

Other members of NATO are also building new fighters. The FRG, Great Britain and Italy jointly developed the multirole Panavia-MRCA fighter, which is also called the Tornado, with a speed 2.2 times faster than the speed of sound. The Tornado, which can carry missiles and bombs, is already being produced; moreover, based on current estimates, up to 1,000 aircraft may enter service in the three countries which created the new aircraft. France is building a new generation Mirage-2000 with a speed 2.4 times greater than the speed of sound.

Nevertheless, the US plays the dominant role in reequipping the fighter force of the NATO bloc. The US also sets the pace in

other combat vehicles for NATO's Armed Forces in Europe. These are the A-10 ground attack aircraft, which is primarily directed against enemy tanks (its deployment to Europe will begin in 1979<sup>9</sup>); the AH-64 heavy assault helicopter, which is also designed for combat against tanks (it is approximately twice as heavy as the current, standard US combat helicopter, the Cobra); and others. The other NATO countries are also being equipped with new ground attack aircraft and helicopters.

Numerous, new items of equipment are also being introduced into the other branch arms. The artillery is being modernized. New armored personnel carriers, combat infantry vehicles, anti-tank missiles and different kinds of small arms are being built. The new Gepard mobile air defense system built by the FRG is being called upon to increase NATO's fire power. This list could be continued ad infinitum.

Western politicians have recently devoted a great deal of attention to Soviet operational and tactical nuclear forces. They are the ones (and specifically the Soviet missile which is called the SS-20 in the NATO classification) that have been selected as one of the main objectives in the campaign to stir up anti-Soviet hysteria.

And this is occurring when NATO--according to the bloc's official data--has twice as many operational and tactical nuclear weapons at its disposal in Europe than the other side. They include, for example, the American Pershing missile with a 400 kt warhead (a salvo from 15 Pershings is equivalent to the power of all the warheads used in World War II). Overall, the US has four types of ground-to-ground missiles with nuclear warheads, two types of nuclear howitzers and over 550 aircraft which carry nuclear bombs or missiles with nuclear warheads at its disposal in Europe. The fact that the US Atlantic Fleet has 1,000 tactical nuclear weapons at its disposal should be added to this (in addition to the 7,000 tactical nuclear weapons which the US has in Western Europe).

The US has recently been diligently engaged in modernization of delivery systems. An extremely dangerous trend in this modernization is the modification of particular delivery systems for neutron warheads and shells. Intensive work is continuing on preparations to equip the latest American Lance tactical missiles with neutron warheads. The 203.2-mm howitzer is being modified for neutron shells. The plans for stationing neutron weapons in Europe are one of the most sinister elements of NATO's military preparations; aggressive circles are demanding the implementation of these plans.

Overall, this entire network of efforts directed at introducing a new generation of operational and tactical weapons (and, to some extent strategic weapons also, considering the capability of some of the new systems in Europe to deliver nuclear weapons on the territory of the USSR) is convincing proof about the real causes of the campaign on the "threat" from the Warsaw Pact Organization, which is supposedly "rearming itself."

The real cause of the flareup in the campaign about the "Soviet threat" in the beginning of 1978 was revealed during the May session of the Council of NATO in Washington. The session adopted a 15-year long term NATO military program; this program encompassed all the measures of this aggressive alliance which were cited above and it outlined a multitude of new steps in speeding up the arms race; this program was promoted by US propaganda and first and foremost by a comprehensive system of fabrications about the "increased military preparations" of the USSR and the Warsaw Pact Organization.

This military program of NATO--plans call for additional appropriations of a minimum of 80 billion dollars for it--has a pronounced offensive nature. "Joint production" of 15 new types of missiles for ground and naval forces and an increase in the equipment for conducting electronic warfare have been added to the measures contained in it for introducing a new generation of primary operational and tactical weapons systems. Plans call for introducing the American AWACS system for early aircraft warning and control in Western Europe; according to the testimony of G. Brown, former chairman of the US Joint Chiefs of Staff, this system should be employed "to suppress Soviet air defense in Central Europe."<sup>10</sup> Tactical nuclear weapons will be modernized.

The decision was made at the Washington session of NATO to radically increase the strength of the mobile group which the US must be able to airlift to Europe within 10 days. The conversation is about creating an American expeditionary army of five tank and mechanized divisions whose heavy armament is stored in Central Europe ahead of time (the US presently has two of these divisions). In addition, the US will be ready to bring the number of its tactical air force squadrons in Europe up from 28 to 60 within a week. In other words, we are talking about a sharp increase in the potential forces for aggression in Central Europe.

The decisions of the Washington session of the Council of NATO were made at the same time that the special session of the UN General Assembly on disarmament was meeting in New York.

This coincidence emphasized the aggressive nature of the NATO military bloc and the reluctance of its leaders to consider the people's hopes and dreams.

In the summer of 1978, the events in Africa took first place in the campaign on the "Soviet threat." A stream of accusations descended on the Soviet Union, Cuba and other socialist countries for "interfering" in African affairs. Attacks on the socialist countries' assistance to African states--the victims of aggression on the part of the imperialists and their allies--is not a new phenomenon. Since the mid-70's--beginning with the unsuccessful attempt by the US, the South African racists and the Maoists to plant their agents in the People's Republic of Angola--every aggressive act of the enemies of independent African development is accompanied by flareups of anti-Soviet campaigns.

Two approaches have been clearly demonstrated based on the example of Africa. On the one hand, there is the approach of the USSR and the other socialist commonwealth countries who are invariably helping the African states in their fight for freedom and independence. On the other hand, there is the policy of the US and its allies who are interfering in the internal affairs of the African states and attempting to hinder their independent development by force. It is no wonder that the US has wound up in the same camp with the South African racists and Peking in the majority of the critical situations. The pattern of US behavior was the same during the events which took place in different countries in the second half of the 70's--Angola, Ethiopia and Zaire.

An attempt was made to overthrow the government of the young republic of Angola in 1975-76. However, the intervention, which was organized based on the initiative of the US, failed (Washington's role was exposed again in the spring of 1978 in the sensational confessions of G. Stockwell, the chief of CIA operations in Angola). A fierce anti-Soviet and anti-Cuban campaign followed it.

With the obvious blessing of the US, Somali forces invaded Ethiopia in 1977 for the purpose of dividing this country and taking Ogaden province away from it. This action was also unsuccessful. And, right after it, about a year or a year and a half ago, a paroxysm of speeches was organized against the Soviet Union and Cuba. At the same time, Washington is continuing its plots against Ethiopia. Somalia is now being openly granted American military assistance--15 million dollars for a start.

The actions of the US and a number of other NATO members in Zaire were most disgraceful. In the spring and summer of



1978, NATO--also to the tune of an anti-Soviet and anti-Cuban campaign--conducted a direct, armed intervention in Zaire.

The scale of NATO's interference in African affairs has sharply increased since the Washington session of the Council of NATO. At the initiative of the US, it developed plans for creating expeditionary forces of the imperialists powers and their allies to carry out collective interventions in Africa and other areas of the world. This session of NATO was used by Washington to attempt to implement the plans which it was not able to carry out during the US aggression in Vietnam when the majority of its allies refused to participate directly in the intervention.

The Zaire province of Shaba became the first objective of collective intervention by the NATO countries. In mid-June, over 700 American servicemen were there; they were ensuring the uninterrupted operation of an "air bridge" for airlifting troops, French and Belgium paratroopers and Bundeswehr officers. Troops from Morocco, Senegal and a number of other African countries were drawn into the intervention. The US decided to enlist the military machines of Iran and Saudi Arabia (whose military budgets had begun to reach one-half and one-fourth, respectively, of the military budget of the FRG in some years)<sup>11</sup> to participate in joint operations; their military machines had grown based on American deliveries of the latest arms.

Thus, plans for a kind of revenge in the struggle against the African national liberation movement and its allies were formulated at the Washington session of NATO. The US and the other NATO countries are trying to use the specter of a "Soviet threat" as a smoke screen.

The organizers of this campaign are not limited to propaganda support for NATO operations in Europe and Africa. One of their favorite topics is the discussion of the American Navy's "gap." The fact that a number of new Soviet ships have put out to sea in recent years--the antisubmarine cruisers Kiev, Moscow and Leningrad--was accompanied by a fuss about a "change" in the naval balance in favor of the USSR. Meanwhile, the US has 13 powerful, multiton attack aircraft carriers at its disposal; each of them carries 75-85 aircraft on board and approximately 100 nuclear warheads.

With their customary zeal, the organizers of the campaign on the Soviet "military threat" are discussing military budgets and alleging that an "increase" is taking place in Soviet

military expenditures. A US CIA operation, which was undertaken in 1976-1977 in the classic style of "psychological warfare," is the source of this conjecture; this operation put figures for Soviet defense expenditures--which were overinflated several times--into circulation in the Western world. As pointed out in the CIA report, "The comparison between Soviet and American defense activity for 1966-1976 in dollars," was prepared in January 1977 by a method selected by CIA analysts, "to estimate how much it would cost the United States to produce and man an armed force of the same size and with the same weapons that the Soviets have." Of course, with the existing, enormous differences in the principles for forming armed forces, this kind of approach is completely unsound. Besides, just in case, the CIA "analysts" warned that their estimate could be wrong to a significant extent. Nevertheless, this ridiculous method of calculation was put into circulation and the figures for USSR defense expenditures "which were arrived at" with its help received widespread circulation in the West in spite of the fact that the Soviet Union actually decreased the size of its defense expenditures during the 70's.

At the same time, the US and its NATO allies are increasing not imaginary but perfectly real military expenditures. At the London session of the bloc's council in May 1977, Washington was able to impose a requirement on its allies for a three percent increase in their military expenditures (in constant prices) for a long period of time in the future. In May of this year, the Washington session not only reinforced this tendency but it also laid the basis for a quicker increase in the military budgets of the members of this aggressive bloc in the new 15-year program for NATO military preparations. In his 7 June 1978 speech at Annapolis, President J. Carter could not help but admit that the US has the "largest defense budget in history."<sup>12</sup> Nevertheless, it is increasing at an accelerating rate.

Finally, the conjectures on Soviet strategic forces, primarily ground-based intercontinental ballistic missiles, traditionally occupies the place of "honor" in the campaign on the "Soviet military threat." Without denying that the current round in the arms race (it is essentially equipping ballistic missiles with multiple independently targeted reentry vehicles) was begun by the United States, the organizers of the campaign have nevertheless decided to at least use the Soviet response as the next portion of the "data" to intimidate the Americans, if not to prevent a Soviet response altogether.

Meanwhile, it is generally recognized that an approximate balance of strategic forces exists between the USSR and the US today.

This balance ensures a certain stability--until radical measures are taken to reduce its level without damage to the security of either party as proposed by the Soviet Union. Without denying this, the organizers of the campaign on the "Soviet threat" are intimidating the West with the fact that this balance can change to the benefit of the Soviet Union in the long term. And, they are repudiating the Soviet proposals which are built on strict compliance with the principle of equality and mutual security for both parties. This contradiction provides a sufficiently clear description of the true motives of the authors of the campaign on the "Soviet threat."

At times, the opinion is expressed in the US that the campaign about the "Soviet threat" is not anything special and that it is a sort of "mirror image" of the criticism that the West's military programs are subjected to in the USSR. However, this comparison is insufficient. First, a policy of promoting new agreements on arms limitation and reduction is dominant in Soviet policy and propaganda; the subject of the Soviet threat is dominant in American policy and propaganda. Second, fabricated data about US military programs are not used in the USSR; the entire campaign about the "Soviet threat" is built precisely on this kind of "data." Finally, the urge--which is typical of American diplomacy--to use political propaganda campaigns (in this case on the "Soviet threat") to put pressure on their partners in negotiations and to try to get unilateral advantages is not natural for the Soviet side. The impression is being developed that there are influential forces in the US which are interpreting the Soviet Union's restraint in their own way; this restraint is only dictated by the desire to contribute to normalization of the international situation. These forces are essentially provoking a renewal of the Cold War.

These dangerous trends are giving rise to growing anxiety in the US; the overwhelming majority of the US public is in favor of continuing the policy of detente, developing Soviet-American cooperation, further limitation and subsequent reduction of strategic arms and they are against attempts to revive the Cold War. These are precisely the positions which were expressed by over 70 percent of the Americans who participated in the numerous polls conducted this year by the Harris, Gallop and other institutes. The administration in power cannot help but consider this position of the American people. In this respect, the press does point out elements of realism in the speeches of S. Vance, the Secretary of State, P. Warnke, the director of the Arms Control and Disarmament Agency, and a number of other statesmen.

It is significant that the new outbursts of the anti-Soviet campaign in the US aroused an active counterresponse from numerous representatives of political, business and scientific circles, who are worried about the fate of detente. Appeals for restraint, realism and renunciation of the old reflexes of the Cold War period have issued forth from the prominent US political figures G. McGovern and W. Fulbright; the well-known scholars George Kennan and J. Galbraith; representatives of the business world--D. Kendall, chairman of the board of directors of Pepsico and R. Smith, first vice president of Control Data Corporation; and many others.

Representatives of US circles who are thinking realistically proceed from the fact there is no reasonable alternative to detente. This is precisely the viewpoint of Soviet society. The intensifying international tension and a revival of the Cold War, which the campaign about the mythological "Soviet threat" will lead to in the final analysis, will be detrimental both to the US itself and to the international situation as a whole.

#### FOOTNOTES

1. THE WASHINGTON POST, 8 June 1978.
2. Ibid., 19 March 1978.
3. PRAVDA, 4 May 1978.
4. Calculated from: "The Military Balance. 1973-1974," London, 1973, p 21; "The Military Balance. 1977-1978," London, 1977, p 24.
5. Calculated from: "The Military Balance 1973-1974," p 90; "The Military Balance, 1977-1978," pp 106, 107.
6. H. Brown "Department of Defense Annual Report, FY 1979," Washington, 1978, p 143.
7. Ibid., p 144.
8. US NEWS AND WORLD REPORT, 9 January 1978, pp 54-55.
9. G. Brown. "United States Military Posture for FY1979," Washington, 1978, p 85.

10. Ibid., p 86

11. See "World Armaments and Disarmament, SIPRI Yearbook 1978," Stockholm, 1978, pp 143, 149.

12. THE WASHINGTON POST, 9 June 1978.

COPYRIGHT: Izdatel'stvo "Nauka", "SSHA-ekonomika, politika, ideologiya", 1978

9001

CSO: 1803

## INTERNATIONAL ASPECTS OF DOLLAR DEPRECIATION

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 78  
pp 23-35

[Article by M. A. Portnoy]

[Text] The problem of the American dollar still occupies a significant place among the complex and most urgent economic problems being encountered by the United States and the other nations in the capitalist world today. It has lately made itself particularly apparent, as the depreciation of the dollar has taken on unprecedented scales and has created a situation which could lead to new and menacing currency and financial upheavals.

The question of the role and place of this currency in international transactions was discussed at the latest meeting of the "big seven" in Bonn in July 1978. This time, however, the urgency and complexity of the problem at a time of conflict between the chief imperialist powers made it impossible to work out effective solutions. It is obvious that the dollar has a prominent role to play in the new international capitalist currency system which is supposed to replace the dollar gold standard of Bretton Woods, although it is precisely the dollar, or, more exactly, its constant depreciation, that is causing instability and new upheavals. For this reason, the International Monetary Fund's (IMF) announcement that the "new" international capitalist currency system<sup>1</sup> would officially go into effect on 1 April 1978 cannot be regarded as a final resolution of the currency crisis in the West.

One of the deep-rooted causes of the progressive weakening of the dollar can be seen in the contradictions in the U.S. economy, which are the reason, in particular, for the feeble nature of the way in which the consequences of the recent economic crisis are being overcome. The low rates of economic growth do not allow for the reduction of unemployment. Under these conditions, huge federal expenditures of a military-political nature and governmental stimulation of economic recovery are causing perceptible growth in the credit and monetary sphere and are intensifying inflationary processes, and this is undermining the dollar's positions in domestic and international circulation. All of the U.S. Administration's attempts to secure economic

growth against inflationary processes have been unsuccessful. The stability of money must be sacrificed to the attempts to accelerate economic recovery. The deficits in the U.S. balances of trade and payments lead to the export of inflation--they push the depreciating dollar into international financial circulation, where it becomes the object of speculation and increases the instability of the capitalist currency and financial system.

### The Zig-Zags of 'Dollar Diplomacy'

One of the distinctive features of the U.S. economy of the 1970's is the greater influence of changes in the world capitalist economy on domestic market conditions. The United States and the other capitalist countries are becoming more interdependent in their economic development, which is the result of the continued growth of capitalist international division of labor and the related internationalization of production and capital.

At a time of unstable economic recovery, a rapid rise in prices and a high level of mass unemployment, foreign economic expansion plays a more important role as a factor of economic growth. In the West it is regarded as an escape from the impasse entered by the traditional economic policy of the state, aimed at the regulation of economic development. Under these conditions, the activities of branches emphasizing exports acquire particularly great significance. This faces the United States and its partners with the problem of ensuring favorable market conditions throughout the entire capitalist economy, coordinating efforts to stimulate growth and, on this basis, overcoming the consequences of the crisis of the mid-1970's. These issues have become a permanent part of the agenda at regular meetings of the "big seven's" heads of state and government.

For example, under U.S. pressure, a decision was made at the May 1977 conference in London to guarantee the following rates of real growth in the gross national product--5 percent for the FRG, 6.7 percent for Japan and 5.8-6 percent for the United States. These calculations served as a basis for the theory of the "three locomotives," in which role these powers were supposed to lead the entire capitalist economy onto the path of more energetic development. But these hopes were not justified. Growth rates in 1977 were only 2.4 percent in the FRG, approximately 5.3 percent in Japan and around 4.9 percent in the United States. At the end of 1977 the U.S. press suddenly became full of accusations leveled at America's partners, alleging that they were not taking energetic steps to stimulate growth while the U.S. economy was burdened with overcoming the consequences of the most severe crisis of the entire postwar period. Washington's appeals to them to intensify the stimulation of economic growth were due to the growing reversals in international trade. While the deficit in the U.S. balance of trade was increasing, Japan and the FRG were accumulating a huge positive balance in their foreign trade transactions. The general view on the Potomac was that the accelerated growth of the Japanese and West German economies would perceptibly increase these nations' imports of American goods and thereby equalize the United States' balance of trade with them. But the partners did not make any great attempt to assist Washington, fearing the escalation of inflation in their own countries.

After the United States became convinced of the futility of any attempt to ask its partners to take on specific commitments and take substantial steps to stimulate their own national economies, it transferred its main pressure to the currency markets. The mechanism of the floating exchange rate of the dollar presented significant opportunities for this.

Let us note here that during the entire year of 1976 the dollar did not fall more than 3 percent below the level stipulated in the Smithsonian agreement (December 1971) and even rose to this level for a brief period of time at the end of the year. On the whole, we could say that for a year and a half--until mid-1977--the dollar was relatively stable. Its noticeable decline since that time (see Table 1) reflected the contradictions in U.S. economic development and the insufficient stimulatory effect of the measures agreed upon by the "big seven" in London on the entire capitalist economy.

Table 1

Changes in Exchange Rate of Dollar in Relation to Other Major  
Capitalist Currencies  
(data for end of period)

	FRG mark*	Yen*	French franc*	Pound sterling**	SDR unit (16 curren- cies averaged)**
20 December 1971***	3.22	308	5.12	2.60	--
December 1976	2.36	292.7	4.97	1.70	1.162
June 1977	2.34	267.7	4.92	1.72	1.166
December 1977	2.11	240.05	4.71	1.92	1.217****
Decline in rate of dollar during 1977, %	-10.7	-18	-5.2	-11.3	-5.6
March 1978	1.99	220.02	4.53	1.86	1.237
Decline in rate of dollar during January-March 1978, %	-5.7	-8.4	-3.9	-3.2	-1.7

\* Number of units of foreign currency for each dollar.

\*\* Number of dollars for each pound sterling and each SDR unit.

\*\*\* Correlations stipulated in Smithsonian agreement (see SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, No 3, 1972, p 81).

\*\*\*\* Rate on 2 January 1978.

As we can see from Table 1, the depreciation of the dollar has been an intensive process and has actually affected its relationship to all of the major capitalist currencies, but to differing degrees. The rate has declined the most in relation to the yen and the West German mark.

Soon after the abovementioned conference in 1977, the American Administration made a number of announcements on its growing interest in the use of fluctuating currency exchange rates to equalize the nation's balance of trade



(earlier, it had declined to maintain the firm rate of the dollar). The devaluations of the dollar in 1971 and 1973 temporarily improved the trade and payment balances of the United States to some extent. The lower value of American currency caused foreign goods to become more expensive in the United States, which briefly limited the growth of imports. At the same time, the cost of exported American goods, in terms of the currency of the other nations, decreased and their sales volume in the foreign market increased. This has harmed the foreign trade of nations in which the currency is not dropping along with the dollar, as it restricts the growth of their exports and makes it easier for American goods to flood their domestic market.

The practice of lowering the currency exchange rate, however, can only produce a short-term effect, which is quickly exhausted if it is not reinforced by serious measures to reorganize the economic structure. This has been corroborated by the events of recent years, when, after a record positive balance in 1975, the U.S. balance of trade again changed radically in the direction of a deficit.

The exchange rates of the currency of America's major trading partners--Japan and the FRG--on the other hand, are tending to rise. Both nations have had positive balances of trade for several years in a row. Besides this, Japan's positive balance in trade with the United States grows with each year. As for the FRG, its deficit in trade with America has not kept its general positive balance in foreign trade from constantly increasing. These phenomena constitute the chief basis for the rising demand for the yen and the West German mark (in currency markets) and the rise in their exchange rates. Finance agencies in both nations have been forced to take significant steps to restrict this rise, particularly in relation to the dollar, for the purpose of preserving favorable conditions for exports.

This was the situation in June 1977, when at the insistence of M. Blumenthal, U.S. secretary of the Treasury, who was interested in obtaining at least temporary advantages from the drop in the exchange rate of the dollar, the communique of the conference of the finance and foreign ministers of the OECD nations stipulated that "countries with strong external positions are willing to allow a rise in the rate of their currencies under the influence of market demand." This meant that Japan and the FRG promised not to prevent the exchange rates of their currencies from rising--that is, or the rate of the dollar from declining. This communique served as a signal for the holders of dollars to storm the currency exchanges. The rate of the dollar began to drop. Currency leaders and speculators backed up by large banks and corporations began to exchange dollars on a mass scale for what they felt were more reliable currencies. This was the birth of the new "dollar diplomacy," as this action was christened by BUSINESS WEEK.

Week after week, Blumenthal or other officials would encourage speculators in the foreign currency exchanges to come out against the dollar, publicly announcing that the U.S. Federal Reserve System would not intervene to

halt the decline of the dollar. The NEW YORK TIMES wrote: "Having failed to convince Bonn and Tokyo to conduct a more active stimulatory economic policy for the purpose of assisting the industrial world to climb out of its current recession, the engineers of Carter's economic policy have apparently decided to manipulate currency exchange rates."<sup>2</sup>

But the goal of the depreciation of the dollar, which was provoked by the American Administration, was not reached. The negative reaction of the United States' partners and, in particular, the OPEC nations (with their huge reserves of American currency) to "dollar diplomacy" forced the Washington Government to make reassuring statements. They calmed down the currency exchanges somewhat and promoted a slight stabilization of the dollar.

In October 1977, the dollar repeated its critical upheavals almost exactly according to the June script. This time the reason was a statement by Blumenthal at a regular session of the IMF (at the end of September 1977). He said that the rise in the exchange rates of the yen and the West German mark was insufficient to equalize foreign transactions and that both nations should take steps to reduce their positive balances of trade. This repetition of the situation attested to the United States' desire to cause the "market devaluation" of the dollar and thereby exert pressure on its trading partners. Again, however, the depreciation of the dollar evoked sharp reactions in Western Europe and Japan. West German Chancellor H. Schmidt accused the United States of living beyond its means and taking advantage of the financial support of the EEC countries.<sup>3</sup>

The United States' partners demanded that the American Administration take more energetic measures to reduce oil consumption and imports and, in this way, at least partially equalize the balance of trade. It was the OPEC countries, however, that had the final word. In November 1977 they considered the question of setting prices for petroleum in SDR units instead of dollars and raised the issue of their own actual losses in connection with the devaluation of the dollar, which, according to their estimates, totaled around 14 billion dollars in 1977 alone. At the same time, a number of oil-producing nations began to exchange their dollars for other currencies. The radical measures taken by the OPEC countries would have dealt a perceptible blow to the economy and foreign trade of the United States and the position of the dollar. This forced President Carter to announce in December 1977 that the United States was responsible for the stability of the dollar and would take action in the market to correct the situation. This and other diplomatic actions temporarily alleviated the situation. The OPEC countries decided to put a 6-month freeze on oil prices on 1 January 1978, keeping them at 12.7 dollars per barrel.

Naturally, the United States had no intention of renouncing its "dollar diplomacy," but the events of early 1978 shuffled the cards of the Washington strategists and forced them to shift from the offensive to a position in which they were defending the dollar.

The indicators of the American economy for 1977, made public in the President's messages, testified that sizeable disproportions of a fundamental nature were still present. The GNP increased by 4.9 percent as against 6 percent in 1976, and wholesale prices rose by 9.2 percent as against 4.6 percent. The foreign trade deficit reached an astronomical figure--31.4 billion dollars. The draft of the federal budget submitted for the 1978/79 fiscal year envisaged a deficit in the amount of 60.6 billion dollars as against 61.8 billion in 1977/78 and 45 billion in 1976/77. The energy conservation program proposed by Carter, with the aid of which he was trying to limit oil consumption and imports, has virtually fallen through. Congress has already eviscerated many parts of the energy program and is doing everything possible to slow down its discussion and approval. Economic difficulties have been accompanied by discord in the highest echelons of authority in America.

The currency exchanges responded to the situation with a drop in the rate of the dollar which acquired the nature of a chaotic process. This made it necessary for the U.S. Administration to turn to its partners for support, which signified the rejection of its previous currency tactics. In March 1978 the United States concluded an agreement with the FRG on doubling the "swap"<sup>4</sup> volume to 4 billion dollars. It also announced its intention to sell the Bundesbank 600 million SDR units (around 700 million dollars) in exchange for West German marks. The U.S. Department of the Treasury reported that it intended to use the 5 billion dollars which constitute the nation's "reserve position" in the IMF if the need should arise for additional purchases of foreign currency. Finally, in the middle of April 1978, just before the next scheduled OPEC conference, the United States announced its intention to sell part of its gold reserves to support the exchange rate of the dollar.

At almost the same time, Carter made a speech to set forth his "new" program to combat rising prices. According to experts, it will have no significant effect, but it means that the government is relegating the problem of unemployment to a position of secondary importance and is shifting the emphasis in its own economic policy to the rise in prices. At the same time, the President hastened to warn the nation that, in regard to inflation, "there is almost no reason for optimistic feeling." The new chairman of the board of the Federal Reserve System, W. Miller, predicted that prices would rise by 6.75-7.25 percent this year. The prospect of the further depreciation of American currency has become self-evident to holders of dollar securities. The currency markets responded with a new decline in the rate of the dollar.

Therefore, "dollar diplomacy" failed. Blumenthal speedily announced in a Senate subcommittee that the present decline of the dollar was mainly due to the lack of an extensive energy program in the United States. He called growing oil imports the main cause of the deficit in the United States' balances of trade and payments. In this way, he indirectly admitted that "dollar diplomacy" was not an independent phenomenon, but only an attempt to make use of the unfavorable correlation between incoming and outgoing currency in the United States for the purpose of exerting pressure on its partners.

## Balances of Trade and Payments and the Currency Exchange Rate

During the last few years there have been colossal deficits, reflecting shifts in the nation's internal economic development and disproportions in its trade and financial relations with the external world, in the United States' balances of trade and payments. In connection with this, Washington's partners and representatives of industrial and financial circles in the United States itself have serious doubts about the effectiveness and wisdom of "currency diplomacy." Several experts have said with good reason that the American trade deficit is of a long-term, structural nature and cannot be eradicated by the manipulation of currency rates. Moreover, the weakness of the dollar in recent months, according to, for example, W. Lederer, one of the most prominent financial experts, has itself been largely the result of the tremendous deficits in the U.S. balance of trade, as well as the balance of payments in terms of current operations.<sup>5</sup>

Table 2

### United States Balance of Payments in Terms of Current Operations (billions of dollars)

	1974	1975	1976	1977
Exports	98.3	107.1	114.7	120.4
Imports	103.7	98.0	124.0	151.8
Balance of trade	-5.4	+9.0	-9.3	-31.4
Balance of income from foreign investments	8.7	6.0	9.8	} 15.8
Services (balance)*	0.9	2.0	2.7	
Balance of trade and service transactions	2.2	16.2	3.6	-15.6
Remittances, pensions and other transfers	-1.7	-1.7	-1.9	} -4.6
Government subsidies (including military aid)	-5.5	-2.9	-3.1	
Balance of transactions in terms of current operations	-5.0	11.6	-1.4	-20.2

\* This item in American balance of payment statistics includes income and payments for freight, tourism, the maintenance of foreign governments, the balance of income connected with foreign investments and so forth.

FEDERAL RESERVE BULLETIN, January 1978, p A54; Reports of the U.S. Department of Commerce; BIKI, 8 April 1978. There may be a discrepancy in summary as the figures have been rounded off.

It is a fact that the deficit in the American balance of payments is still chronic and is taking on increasing dimensions. In 1976 the United States stopped the official publication of data on the balance of payments, explaining that the summary balance allegedly could not provide an accurate picture

of the current state of the nation's foreign transactions. American financial agencies feel that the average rate of the dollar in relation to the currency of other countries with consideration for their mutual trade represents a more suitable indicator. At present, data are published on the balance of payments in terms of current operations (see Table 2). Even these figures, however, indicate the progressive instability of the United States' foreign economic transactions.

The figures above show that the main reason for the deterioration of the balance of payments is the growing deficit in foreign trade. The record positive balance of 1975 was followed by deficits of unprecedented size. According to American experts, there will be a deficit of around 30 billion dollars in the balance of trade in 1978 as well. The realistic nature of this estimate has been corroborated by the latest data. In January of this year the deficit was 2.4 billion dollars, and in February it was already 4.5 billion. Besides this, due to seasonal fluctuations, exports even decreased by 0.9 percent in February while imports rose by 16.5 percent. The uneven development of the economies of the United States and its partners and internal economic difficulties are restricting the opportunities for the rapid and stable expansion of American exports while imports are increasing at a much higher rate (see Table 3).

Table 3

Dynamics of Physical Export and Import Volumes in United States  
(Percentage of Preceding Year)

	1973	1974	1975	1976	1977*
Exports	24	13	-7	4	0
Imports	5	-2	-12	12	16

\* Estimated.

BIKI, 21 February 1978.

One of the main reasons for the considerable excess of imports over exports is the increasing volume of imports of petroleum and petroleum products to the United States. These amounted to 31.8 billion dollars in 1976 and 44.8 billion in 1977. The dependence on oil imports is growing. The proportion accounted for by imported oil in total consumption is constantly rising in the nation: 30 percent in 1972, 40 percent in 1975, 45 percent in 1976 and 52.5 percent in 1977.<sup>6</sup> This tendency has made the United States particularly vulnerable to the actions of the OPEC nations. For this reason, the threat of decisive actions on their part is forcing Washington to take emergency measures to support the dollar while the protests of the leading capitalist countries in regard to U.S. currency policy are being almost contemptuously ignored.

Another equally important reason for the growing deficit in foreign trade is the reinforcement of unfavorable tendencies in the trade in finished items.

While the proportion accounted for by the United States in world capitalist exports of these products in 1960 was 25.3 percent, as against 6.5 percent for Japan and 18.2 percent for the FRG, the respective figures in 1976 were 20.3, 14.4 and 18.2 percent.

These tendencies have resulted from a number of causes, the most important of which is the diminished competitive potential of American goods due to rising prices. The United States' rivals, particularly Japan and the FRG, are crowding American exporters out of foreign markets. This has caused serious conflicts. One of the arenas of these conflicts has become the "Tokyo round" of international trade negotiations within the GATT framework. During the course of these negotiations, the United States was able to obtain a promise from Japan that it would reduce its customs duties on imports worth around 2.2 billion dollars and make several other concessions. These measures, however, cannot fundamentally improve the financial results of American foreign trade.

One of the important factors impeding the growth of American exports of finished items is the slow recovery of the economies of the United States' partner nations. This is the reason for their feeble demand for American industrial commodities. The demand for these goods has also decreased in the developing countries that do not export oil due to the growth of their foreign debts and payment difficulties.

At the same time, U.S. imports are increasing as a result of the expansion of production and consumer demand in the nation. For example, imports of the means of production increased by 19.8 percent and imports of consumer goods increased by 34.8 percent (reaching 32.5 billion dollars) in 1976 alone. Particularly sizeable growth was recorded for imports of motor vehicles (26 percent) and color television sets (100 percent) from Japan. These tendencies were also present in 1977, although the United States was able to convince Japan to "voluntarily limit" its exports of several goods to the United States.

The export of capital from the United States is still one of the factors undermining the dollar's positions. At this time of more competitive trade, U.S. monopolies are striving to compensate for the loss of the competitive potential of domestic goods by widespread expansion in other countries, particularly in the form of the export of capital.

The economic crisis and unstable market conditions in most of the capitalist and developing countries in recent years, however, have limited the growth of direct American investments. Under these conditions, the American monopolies, searching for profitable ways of using their depreciated dollar assets in the international capital markets, have directed their relatively surplus capital primarily into portfolio investments and, in particular, bank deposits. The strong speculative motives in their foreign capital investment practices are attested to by the increasing export of short-term capital. Of the total 20.9 billion dollars in banking capital exported in 1976, short-term deposits accounted for 18.8 billion. Short-term American capital is

supplementing the already excessively swollen market of Eurodollars, stimulating the further depreciation of American currency.

Foreign central banks have had to buy this currency in increasing amounts in order to support it. This is the reason for the tremendous growth in their dollar reserves, which are recorded in statistics as foreign capital entering the United States. In 1977 alone, the reserves of these banks increased by 37.4 billion dollars, while the import of private capital to the United States totaled "only" 11.9 billion. These two elements combined to make up the total capital import figure of 49.3 billion, which the United States is stressing in official reports on its balance of payments. By deliberately assigning the same weight to incoming foreign private capital, the dynamics of which depend on deep-seated tendencies in the worldwide capitalist economy, and the increase in the reserves of foreign central banks, American statistics are trying to depict their actions as an ordinary event and to represent their purchases of the depreciated dollar, motivated by the need to support its exchange rate, as the ordinary import of foreign capital.

Therefore, the dollar's progressive loss of its positions is connected with profound structural changes in the correlation of foreign economic operations, which have been reflected in the U.S. balances of trade and payments. The gloomy records of U.S. foreign trade statistics attest to growing disproportions, which are precisely the cause of more and more relapses into the chronic illness known as the depreciation of the dollar.

#### Financial and Currency Consequences of Dollar Depreciation

A relatively short time ago, SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA examined the main aspects of the contemporary development of the international capitalist currency system.<sup>7</sup> In this article it would be expedient to examine the financial and currency consequences of dollar depreciation for the United States itself in greater detail.

Here we must remember above all that the great scales of decline in the exchange rate of the dollar in relation to other currencies give rise to more extensive and uncontrolled financial speculation and increase the instability of the currency system in the West in general. Under these conditions, American transnational corporations and other international monopolies have exchanged huge sums of dollars for other currencies, gambling on a rise in their rate in the expectation of large speculative profits. This is the reason for the massive amounts of private short-term U.S. credit abroad, a significant part of which has been sent to the foreign branches of American industrial and banking corporations. The flow of private short-term capital out of the United States was going on even earlier in the expectation of the devaluation of the dollar or a sharp decline in its exchange rate and actually served as a catalyst in this process.

While the short-term effects of the decline in the dollar's exchange rate have generally been associated with trade between the United States and its

capitalist partners, the long-range effect could be the complication of the negative influence of structural factors connected with the role of dollars in international financial circulation. There are two of these factors. Firstly, the number of dollars circulating in the world and constituting the major part of the resources of international capital markets is too high. These resources include the dollar reserves of foreign central banks and the dollar component of private international money markets. Secondly, a significant part of the capital sent to the United States takes the form of short-term liquid assets which are easily converted to other currencies. The deterioration of the United States' foreign trade positions and balance of payments, as well as the actions taken by the American Administration to lower the exchange rate of the dollar, unleash the destructive potential of these factors. It is precisely here that the key can be found to an explanation of the great scales and speed of speculative attacks on the dollar, the massive disposal of American currency, the transference of "hot money" and other similar actions which undermine currency stability. The significance of these factors makes it expedient to examine them in greater detail.

Let us consider the issue of the circulation of dollars in international money markets. We know that the market of Eurodollars, as dollars deposited in bank accounts outside the United States have come to be called, came into being and developed rapidly in the early 1960's. The existence and growth of this market have been connected with the activity of transnational corporations, most of which belong to American capital. They needed a mobile capital market which was not subject to governmental regulation, and this kind of market was created first on the basis of dollars circulating outside the United States and later on the basis of a number of Western European currencies as well. The total volume of the European currency market, according to the Bank for International Settlements (BIS), was 317 billion dollars in the middle of 1977, and Eurodollars accounted for more than 70 percent of this amount. This means that, with some rounding off, the volume of the Eurodollar market was approximately 220 billion at that time. A significant part of the financial resources in this market belong to the OPEC nations. Their bank deposits in the main financial centers of the capitalist world amounted to 72 billion dollars by the middle of 1977. Most of this total was situated in the Eurodollar market.

The depreciation of the dollar causes foreign holders to strive to protect their own assets against losses. Periodically, dollars are exchanged for more stable currencies on a massive scale--that is, the dollars are disposed of. This means that foreign central banks have to buy the American currency from private holders, and this, as we know, escalates inflation in those nations where the currency is preferable to the dollar. But something else is also apparent. Not all dollars circulating in the European currency markets can be exchanged for other currencies; firstly, due to objective reasons connected with the international monopolies' interest in the existence of the Eurodollar market and, secondly, as a result of the fundamental inability of the central banks to absorb all of the dollars circulating outside the United States and, finally, thirdly, due to the fact that the



freely fluctuating exchange rates make the exchange of dollars for other currencies unprofitable for their holders when the correlation of rates is unfavorable.

For this reason, the Eurodollar market is simultaneously a factor weakening the positions of the American currency and a factor preserving its status as a medium of international exchange. One of the defensive reactions of non-American banks holding dollar accounts to the depreciation of American currency has taken the form of a rise in interest rates of credit, and this intensifies inflationary processes in the capitalist countries that are the United States' partners and, for this reason, forces them to support the exchange rate of the American currency.

The actions of the central banks in these nations are closely bound up with the fate of American currency for another reason as well. They are the holders of dollar assets which are growing as a result of the increase in the short-term foreign debts of the United States. This dollar indebtedness, deposited by foreigners in accounts in American banks and invested by them in government securities, totaled 184.5 billion dollars at the end of November 1977. Of this sum, 122.9 billion represented the amount owed to foreign official currency agencies and 61.6 billion was the amount owed to private companies and international organizations. Besides this, of the total sum of short-term indebtedness, 47 billion represented the value of 3-month treasury bills and certificates.<sup>8</sup> This sum constitutes the foreigners' share in financing the deficit in the American budget. The total value of securities intended to finance the U.S. national debt in the possession of foreign holders at that time exceeded 100 billion. This means that more than 14 percent of the total debt, which already amounts to approximately 700 billion, is financed by foreign holders of dollar assets.

The United States has been living beyond its means for a long time. The excess of imports over exports, the deficit in transactions connected with the trade in services, and the excess of exports of private capital over imports of this capital--all of this taken together signifies that the nation is receiving a larger amount of goods, services and financial assets than it is offering abroad. This excess is paid for by the constant augmentation of short-term dollar debentures or, more precisely, by paper dollars which are losing more and more of their purchasing power. This means that other nations are extending credit to the United States to the detriment of their own interests, and the real repayment of this credit--that is, the offer of goods and services to the United States' partners in place of the dollars they now hold--is not very likely to occur in the near future.

Because the dollar has retained its functions as a medium of international exchange, the foreign debts of the United States simultaneously represent the currency reserves of other capitalist countries, and in the case of most of them, they represent the chief component of these reserves. The relentless decline in the exchange rate of the dollar not only depreciates these reserves but also creates general difficulties in the evaluation of the

resources at the disposal of state agencies in any particular country. The confusion that has arisen in this area has not been eradicated to any extent by the steps taken to reorganize the international currency system. The fact is that the IMF no longer uses the dollar as a standard of measurement and publishes data on currency reserves in SDR units, which, since July 1974, have been calculated by averaging the 16 most representative currencies (including the dollar). The financial bodies of individual nations, however, publish these data in their own national currencies. Some countries--for example, France and Italy--reassess the gold in their own reserves in terms of its market price. All of this complicates the direct comparison of the proportions accounted for by dollars in the reserves of the different capitalist countries.

As an example, let us consider the situation in the FRG. Its official currency reserves at the end of 1977 totaled 81.6 billion marks or, calculated according to the rate of exchange at that time (1 dollar for each 2.11 marks), 38.7 billion dollars. Most of these reserves were in the form of U.S. Government securities. Due to the decline in the rate of the dollar in relation to the mark, it would be difficult to precisely assess their share in the FRG's currency reserves. It is known, however, that the share was 60.4 percent at the end of 1976. Bundesbank experts maintain that the currency losses of the FRG amounted to 10.9 billion marks in 1976 and 1977 as a result of the effect of the dollar's decline on the value of American securities held by the FRG. The depreciation of the dollar and the Bundesbank's losses as a result of this would have been even greater, the experts point out, if the bank had not conducted operations to support the rate of the U.S. currency. From the end of September 1977 through March 1978 it spent 13 billion marks on this. Therefore, the foreign debt of the United States has become an instrument for the expansion of American imperialism and a tool for exerting pressure on its creditors, who have been forced by the reserve role of the dollar to support it even at the cost of endangering their own finances.

Due to the excessive and economically unjustified increase in dollar currency reserves, government and business circles in the capitalist countries are searching for ways of making more efficient use of these. In this connection, the growth of foreign capital investments in the United States is noteworthy. As we know, until recently, foreign capital in the United States mainly took the form of portfolio investments and bank deposits and, to a much lesser degree, direct investments ensuring control over enterprises and companies. The percentage accounted for by direct investments has recently risen somewhat. For example, at the beginning of 1978 foreign investments in the United States totaled 314.1 billion dollars, including 143.7 billion in government assets and 170.4 billion in private assets; the latter figure included 32.5 billion in the form of direct investments. Incoming foreign capital in 1977 totaled 49.3 billion as against 34.5 billion the preceding year. The most active foreign investors in the United States now include West German and Japanese monopolies.

A sizeable amount of foreign capital in the United States belongs to the OPEC nations; for them, the American market has served as their main refuge in recent years. Their free dollar resources are mainly invested in operations involving securities and real estate. By the middle of 1977, their investments in the United States totaled approximately 39.4 billion dollars, of which 13.6 billion was invested in securities, including government bonds and treasury bills, 6.1 billion in bank deposits, and 19.7 billion in corporate stocks, real estate and so forth. It is obvious that these nations are striving to place more and more of their assets in more stable long-term investments. At the same time, in 1977 the OPEC nations reduced transfers of their funds to the United States for the first time, which attests to a lessening of their interest in the investment of capital in this market. This tendency, which is directly related to dollar depreciation, has evoked great concern in U.S. financial circles.

They know in Washington that the decision of the OPEC nations to establish oil prices in SDR units was formally agreed upon as early as June 1975. The announcement of the need to replace the dollar with the currency average in oil transactions was made by official representatives of Kuwait, Qatar, the United Arab Emirates and other oil-producing countries. The implementation of the OPEC nations' decision is being delayed by Saudi Arabia, which is interested in the stability of the U.S. currency since most of its currency reserves are in the form of dollars. A new significant rise in the price of oil as a reaction by the OPEC nations to the depreciation of the dollar would deal a severe blow to the American economy and U.S. foreign trade, and if these countries converted their reserves to SDR units or renounced the dollar in any other way, it could seriously undermine U.S. finances.

#### The Floating Dollar and Currency Reform

When we examine the consequences of dollar depreciation, we must consider the effect of this process on the fate of the international capitalist currency system. We still do not have enough facts to judge these consequences in their entirety. The dollar crises at the end of 1977 and the beginning of 1978 and the actions taken by the U.S. Administration during this period, however, provide grounds for assuming that the present reorganization of the currency system is not progressing smoothly and will result in a number of abnormal phenomena. One of the main causes of these will be the instability of the U.S. currency and its depreciation.

The dangerous decline in the exchange rate of the dollar and the threat of new decisive action on the part of the OPEC nations forced Washington to take speedy measures to support its currency at the beginning of this year. These steps coincided with the IMF's announced reorganization of the capitalist currency system and will have the goal of utilizing the new rules of the "currency game" in the interests of the United States.

In general, the use of freely fluctuating, or "floating," exchange rates, sanctioned by the reform, will be profitable for nations with a negative balance of payments, primarily the United States, and will allow them to

transfer the burden of their financial difficulties to their partners. At the same time, nations with a positive balance of payments or one close to equilibrium will profit more from fixed exchange rates. This kind of system is being promoted, in particular, by the Western European nations, which are considering the "currency snake" as a variant of this program. This is why the FRG and its partners in the agreement on the "currency snake" (the other nations party to the agreement are Denmark, the Benelux countries and Norway, and Austria and Switzerland are cooperating with them in some matters) are opposed to the chaotic fluctuation of exchange rates and are striving to protect this system against the ruinous effects of the dollar's decline.

How effective have the measures, taken by the West in March and April of this year and listed above, to support the exchange rate of the dollar really been? It should be noted here that they have not had any real effect on the situation in the currency markets. It is true that the increase in the total "swap" volume in relations between the U.S. Federal Reserve System and the central banks in 14 other countries, as well as the BIS, amounted to 22.16 billion dollars. Two-thirds of this sum, however, have already been used to protect the dollar. The United States' intention to sell the Bundesbank 600 million SDR units in exchange for West German marks and to use American reserve funds in the IMF for the acquisition of credit in foreign currency for a sum of up to 5 billion dollars attests to the fact that the United States is willing to only circulate resources whose loss would cause it the least harm.

It is true that the volume and structure of U.S. currency reserves represent too narrow and unreliable a basis for significant efforts to support the dollar. Of the total sum of U.S. official reserves, equal to 19.317 billion dollars at the end of 1977, 11.719 billion were gold reserves, 2.629 billion were SDR units, 4.951 billion represented the reserve positions of the United States in the IMF and 18 million were in the form of foreign currency. As we know, the gold reserve represents the main reserve of official currency agencies. This means that, despite all efforts to demonetize gold, currency and financial agencies in the United States preferred not to touch their gold reserves. Now it is Fort Knox' turn. The announced intention of 6 April 1978 concerning the sale of part of the U.S. gold reserves actually represents only a calculated gesture on the part of the Washington Administration. The direct objective of this measure--to support the exchange rate of the dollar--cannot be attained, however, as the planned volume of operations involving gold is too small. According to preliminary estimates, the government intends to sell a total of only 300,000-400,000 ounces of gold; with a market price of 180 dollars per ounce (31.1 grams), revenues will only amount to 54-72 million dollars. This sum is not likely to tip the scales on which the depreciated paper dollars have accumulated.

Just as U.S. currency policy in general, the actions taken by the U.S. Administration with gold will have contradictory after-effects. On the one hand, the sales of gold from U.S. reserves in combination with IMF auctions are supposed to aid in the demonetization of gold, and this is what Washington is striving for. On the other hand, the fact that U.S. currency agencies have

been forced to protect the dollar in this way has been interpreted by many observers in the West as a revival of the role of gold. In the final analysis, however, it is not operations with gold that will ensure the stability of the dollar. Estimates have appeared in the American press which state that around 500 billion dollars are circulating outside the United States, and this is almost 10 times as high as the market value of U.S. gold reserves. This means that even if the United States were to sell all of its reserves, it could not solve the problem of dollar stability.

The fundamental reasons for the dollar's weakness can be found in the intensive process of inflation in the United States, the uneven development of the economies of the capitalist nations and the existing imbalances in their foreign trade and fundamental disproportions in the world capitalist economy. Under these conditions, the United States' partners have become "prisoners" of the dollar and have had to defend it to avoid severe upheavals. Events have shown, however, that even Washington's own dramatic measures and its joint actions with its partners have only been of a palliative nature and have not affected the bases of the dollar's instability. As long as inflation exists in the capitalist economy, as long as a fundamental lack of equilibrium exists in foreign transactions, the hard-won relative calm in the currency markets can only camouflage the maturation of the necessary conditions for new upheavals.

#### FOOTNOTES

1. The basic aspects of the reorganization of the currency system were agreed upon in 1976. They were analyzed in D. V. Smyslov's article in issue No 12 of our journal for 1976--Editor's note.
2. THE NEW YORK TIMES, 7 August 1977.
3. Ibid., 10 December 1977.
4. "Swap" (meaning exchange or barter in English) is an agreement concluded by central banks concerning the exchange of the currency of one country for the currency of another with its subsequent redemption. These agreements are generally concluded for a period of 3 months and can be prolonged. The system was created at the beginning of the 1960's by the main capitalist countries for the purpose of mutual support, mainly support for the United States and England, which were then already experiencing the greatest currency and financial difficulties. By the beginning of 1976 the U.S. Federal Reserve System had "swap" agreements with the central banks of 14 states and the BIS (Basel).
5. EUROMONEY, March 1978, p 85.
6. BIKI, 14 February 1978, p 1; 8 April 1978, p 8.

7. See S. V. Gorbunov, "The Contradictions in the Capitalist Currency System and U.S. Positions," SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, No 2, 1978.
8. FEDERAL RESERVE BULLETIN, January 1978, pp A56, A57.

8588

CSO: 1803

## UNITED STATES AND THE NATIONAL LIBERATION MOVEMENT IN AFRICA

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 78  
pp 36-44

[Article by M. L. Vishnevskiy]

[Text] The African people's attitude toward the national liberation movement represents a key issue in Washington's strategy in Africa. This strategy took shape throughout the 1960's and the early 1970's, and U.S. interest in the African continent constantly grew in connection with the collapse of the colonial system, the establishment of young independent states in that region and the growth of their political, economic and strategic importance. Ruling circles in the United States have made an effort to gain control over the process of political development in the young African states and to "help" them choose a socioeconomic orientation.

When Washington became hopelessly involved in its Vietnam venture of the second half of the 1960's, however, it shifted its focus of attention to Southeast Asia; changes on the African continent were felt to be of secondary importance in comparison to the conflict in Asia. With the exception of crisis situations which threatened the United States's general "positions of strength" in the world (the events of the 1960's in the Congo and the war against "Biafra" in 1967-1970), processes in this region remained outside the priority sectors of Washington's foreign policy. Expressing the general view at that time in the United States, prominent American Professor W. Zartman wrote: "Africa was far removed from the contemporary American diplomatic sphere of action."<sup>1</sup>

Washington's diminished diplomatic activity in Africa, however, did not signify its "indifference" to the national liberation struggle of the African people. The United States, which was primarily concerned at this time with the problem of "withdrawing" from Vietnam and dealing with the negative aftereffects of the aggression against the Vietnamese people on its own international influence, wished to preserve the status quo in Africa as much as possible. This wish was particularly apparent under Nixon's Republican Administration, which tried to involve the South African racists in its own policies by encouraging their "dialog" with pro-Western,

conservative forces on the continent. The disintegration of the Portuguese colonial empire in 1974 and 1975, the repulsion of Washington's intervention in Angola in 1975 and 1976, the dramatic strengthening of the national liberation movement in southern Africa, the victory of revolutionary forces in Ethiopia and the growing struggle of the Africans for economic independence and for the consolidation of their political sovereignty "suddenly" changed the state of affairs on the African continent for the United States. All of this threatened the entire group of American "positions of strength."

American experts on African affairs persistently recommended that Washington keep a closer watch on the changes in Africa and on the growing movement there against neocolonialism and the remnants of colonialism. Some scholars, particularly Professor Sean Gervasi from Yale University, spoke of the need to exert "pressure" on South Africa for the purpose of "modernizing" its regime.<sup>2</sup> Others--for example, A. Isaacman, history professor at the University of Minnesota, and D. Bender, research associate at the University of California, favored the establishment and development of "friendly relations" with Angola and Mozambique regardless of their "social aims."<sup>3</sup>

In the summer of 1976, hearings on the revolutionary changes in Ethiopia and their effect on U.S. policy in Africa were conducted in the Subcommittee on African Affairs of the Senate Committee on Foreign Relations. Rutgers University Law School Professor T. Farrer and several other scholars advocated a course that would promote the intensification of conflicts within Ethiopia.<sup>4</sup> Their "opponent," H. Spencer, former chief adviser to the Ethiopian Ministry of Foreign Affairs and doctor of law, maintained that the United States should "support" this African country.<sup>5</sup>

The debate on the "new role" of the United States in Africa took on greater dimensions, encompassing Congress and a constantly growing circle of politicians. The debate revolved around the cardinal issues of the attitude toward the national liberation movement and the new states in southern Africa and around the elaboration of positions in regard to the southern African racist regimes and the African countries with a socialist orientation. Some voices were raised against any kind of "support" for the national liberation movement, advocating stronger pressure on the USSR and Cuba, whose reinforcement of friendly relations with Angola allegedly threatened U.S. national security and created the "danger of a chain reaction" involving the development of contacts with the socialist community by other African countries which had previously conducted a pro-American policy.

The debates on African policy, which continued even after the Carter Administration came to power, demonstrated the deep concern in American ruling circles in connection with the fundamental changes in Africa and their possible consequences for the United States and imperialism as a whole.

The process of making certain adjustments in Washington's African policy was noticeably stepped up by the Ford Administration. The administration's secretary of state, H. Kissinger, visited Africa in 1976 to test new tactics.



When he spoke to African audiences, he tried to convince his listeners of the United States' "good and sincere" intentions to aid in the resolution of the continent's urgent problems, declaring the United States' willingness to support the "self-determination, racial justice and economic progress" of the African people and to oppose "rivalry between the major powers in Africa."<sup>6</sup> Under the influence of the American failure in Angola, Kissinger tried to put aside, as it were, the problem of South Africa, one of the imperialist "centers of power" in Africa. He laid special emphasis on the "African resolution" of conflicts on the continent, which actually--on the strength of the military agreements still in effect between a number of the African states and their former mother countries, which were supplying them with weapons, advisers and instructors to train their armed forces on credit or in the form of military "aid"--signified the "Africanization" or "Arabization" of the struggle against progressive regimes and the national liberation movement. The events of recent months have completely corroborated this assumption--the direct support of Somali aggression against Ethiopia in the winter of 1977/78 by Egypt, the Sudan and Saudi Arabia, backed up by imperialist forces, and the participation of Moroccan troops in suppressing the rebellion in the Zairian province of Shaba both in 1977 and in 1978.

The program for the resolution of the Rhodesian crisis became another change in the present official position. This program declared "support" for the African population's demand for majority rule (but only by peaceful means) and offered American economic and technical assistance to Zimbabwe and its neighboring countries.

Most of the African states were totally aware at that time of the real purpose of Washington's new tactical line, aimed at forcing them to accept American mediation--and terms--in the regulation of the explosive situation in southern Africa. The United States' "African initiatives" throughout the second half of 1976 were obviously feverish attempts at political maneuvering in an unfavorable situation for the purpose of breaking up national liberation forces, especially in Rhodesia and Namibia. Even before the beginning of the Geneva conference on Rhodesia and, in particular, during the course of this conference, American diplomacy made an effort to put an end to the armed struggle of the Africans and to encourage bargaining between the racists and the African "leaders" leaning toward compromise.

It should be noted that this so-called adjustment of African policy was obviously made quite hastily by Washington, without any consideration for its long-range effect on relations with the national liberation movement. In his pursuit of votes during the campaign for the 1976 election, G. Ford tried to broaden his basis of support in conservative circles by making concessions to right-wing groups, particularly in regard to the issue of relations with the Pretoria regime. The fears engendered by the stronger positions occupied by forces for peace and socialism in Africa after the victory of national democratic forces in Angola and Mozambique, however, were the reason for the feverish haste of Washington's official actions in 1976 and the inconsistent and frequently contradictory nature of its "initiatives."

The Carter Administration began work on a "new" African policy as one of its primary foreign policy objectives. Less than 2 weeks after the inauguration of the new President, a high-level emissary--A. Young, U.S. representative to the UN, had already been sent to Tanzania and Nigeria.<sup>7</sup> He was supposed to learn the feelings and views of the leaders in the African countries of greatest importance to the United States and to demonstrate to the public of these states that Washington intended to devote special attention to the resolution of urgent problems on the continent. Young's visit was followed by other meetings between official American representatives and African political figures.

The new administration's "African Doctrine" was most fully set forth by Secretary of State C. Vance in his speech at the NAACP conference in St. Louis on 1 July 1977.<sup>8</sup> First of all, he announced the United States' intention to deal with African affairs by developing contacts directly with the Africans rather than with other powers. Moreover, the new secretary of state stressed the fact that a policy of developing contacts with the socialist-oriented African countries would be the best solution to the problem of eliminating the communist influence from Africa. In this way, he followed in Kissinger's footsteps, reaffirming Washington's rejection of its previous policy of "putting a freeze" on relations with countries embarking upon a non-capitalist course of development. According to Vance, the development of contacts of all types with these nations should lead to the transformation of their foreign policy orientation.

Vance also stressed the U.S. intention to aid in the creation of "prosperous" African countries--naturally, within the framework of private enterprise. Arguing that the prospering of the Africans would only be possible on a capitalist basis, he stated that they could achieve high and stable rates of economic growth with the assistance of American experience and technology. For its part, Washington promised an increase in commodity turnover and investments, economic and technical assistance, the transfer of advanced technology and an increase in American deposits in the African Development Bank to encourage regional economic cooperation by the African countries. Elucidating the purpose of this policy with the use of the Sudan as an example, American journalist D. Ottaway wrote that if the plan for turning the nation into the granary of the Arab world with U.S. technological participation were successful, it could provide an alternative to the socialist model of development. As a result, many African countries would turn to the West once more.<sup>9</sup>

The current administration has certainly not been too original in its desire to assist the penetration of Africa by American capital in every way possible. Washington has always done this. A relatively new feature in C. Vance's speech was the stronger emphasis on the export of state (and not only private) capital, which attests to Washington's wish to make more extensive use than before of the possibilities of state-monopolistic capitalism to reinforce American positions in Africa.

The third thesis of the secretary of state's speech was the announcement of the "recognition and support of African nationalism." In itself, this tendency in U.S. policy in Africa is also not new. Even in President Kennedy's time, this thesis served as theoretical justification for the policy of "paternalism" or "friendly participation" in the fate of the young African states, with which the United States clothed itself in its struggle against its own imperialist rivals--the Western European countries and Japan. Now Washington is obviously striving to make use of the reactionary, chauvinist side of African nationalism in the struggle against the spread of socialist ideas and practices on the continent, gambling on the age-old national discord and hostility, propagated by the colonial powers, between the different nationalities and tribes inhabiting Africa. When the colonizers had to evacuate the continent under the pressure of the liberation struggle of the Africans, they left them a legacy of extremely confused and, therefore, explosive territorial and other problems, particularly those connected with the settlement of national issues. Under certain conditions, this could serve as a medium for cultivating reactionary, militant chauvinistic feelings, as was the case in Somalia.

The fourth point in the "African Doctrine" proclaimed by C. Vance was the declaration of "solidarity" with the struggle of the African people for national liberation. In the situation of early 1977, for Washington the question of "supporting or not supporting" national liberation forces already concerned not only strategic and economic ties with South Africa, but also relations with a tremendous number of small African states. Some people in the United States were justifiably afraid that the escalation of tension and the violent action taken by racist regimes against national liberation forces in southern Africa could cause the struggle against apartheid to evolve into a social revolution and could lead to the collapse of capitalism in this region of economic and strategic importance to the West. It is no coincidence that American experts are now speaking of the need for speedy measures to "modernize" and "gradually democratize" the South African and South Rhodesian regimes. These measures are supposed to contribute to the alleviation or elimination of apartheid's more scandalous aspects and create opportunities for the development of "African capitalism" and even for some "equalization" of the white, black and colored standards of living for the purpose of eliminating the immediate causes of the revolutionary situation taking shape in southern Africa. For example, in May 1977 Vice-President W. Mondale criticized the stubborn refusal of South Africa's National Party Government to make substantial concessions to the non-white population. After talks with Vorster, he said that there were "significant differences of opinion" between Washington and Pretoria.<sup>10</sup> He was supported by C. Vance, who noted that the "real dangers" to U.S. interests "call for American intervention...on the side of the Africans."<sup>11</sup>

The declarations about this kind of "intervention" in South Africa, which were, understandably, calculated primarily for the African audience, contained assurances of the United States' desire to "transfer power" to the African majority in Zimbabwe and Namibia; to hold "free elections" in Zimbabwe with

equal participation by all population strata; to effect the joint resolution of Namibian problems by five powers (the United States, Great Britain, France, the FRG and Canada), South Africa and the United Nations with the participation of the South West Africa People's Organization (SWAPO); to promote the "progressive transformation of South African society" or the creation of a ruling coalition made up of representatives of all ethnic groups in South Africa. In announcing the program for the "transfer of power" to the African majority in southern Africa, Washington was obviously striving to tone down the Africans' struggle for their rights and to give the South African racists some respite.

The secretary of state's speech in St. Louis also testified to the administration's intention to develop "cultural ties" with the African countries as well as political and economic relations. Experience has shown that these ties actually boil down to the use of U.S. foreign policy propaganda media to force the acceptance of American solutions to crucial problems. The ideological aspect has been emphasized in general by the current administration in all regional divisions of U.S. foreign policy. One form it has taken is the campaign in "defense of human rights" in the socialist countries, which was launched by Washington in the year commemorating the 60th anniversary of the Great October Socialist Revolution and which obviously has the goal of discrediting real socialism in the eyes of the world public. In its attempt to strengthen American ideological influence in Africa, Washington has displayed a new burst of energy in the use of media for the ideological brainwashing of the American public and leading statesmen in the African countries.

Therefore, in its "African Doctrine," which is mainly a repetition of previously declared ideas, the current Democratic administration is trying to correct the fundamental errors committed by its predecessors, who ignored the national liberation movement and the struggle of the African people for political and economic independence. The "new approach" is aimed at establishing and reinforcing American influence in these movements and at attracting new nations into the orbit of world capitalism.

The statements made by C. Vance in his speech of 1 July 1977 became the conceptual basis of the Carter Administration's African policy. But they are only a basis and nothing more, since, almost immediately after these statements were made, they began to be revised, supplemented and amended to comply with changes in the political situation in the regions which "worried" the United States the most, namely the South and the Horn of Africa. The very thing that the authors of this policy wanted most to prevent came to pass: The positions of political forces leading their countries onto a non-capitalist course of development became stronger in Angola, Mozambique and Ethiopia, and the national liberation movement in South Africa and South Rhodesia was consolidated. This provided even more conclusive proof that "no one can overcome the people's desire for freedom" and that, "given the present correlation of world class forces, the liberated countries are completely capable of opposing imperialist dictates."<sup>12</sup> Besides this, as General Secretary of the CPSU Central Committee and Chairman of the Presidium

of the USSR Supreme Soviet L. I. Brezhnev has noted: "The facts testify that the people of the young states can defend and safeguard their independence and their vital interests with increasing success as the unity and solidarity of these states becomes stronger and as their friendship with the nations of the socialist world, on whose support they can rely in their just cause, become stronger.... It is precisely the solidarity of progressive forces that made it possible to subvert the attempts of imperialism and its proteges to overthrow popular rule in Angola and break up revolutionary Ethiopia."<sup>13</sup>

The new realities in Africa were immediately reflected in Washington's approach to this region. While in July 1977 the United States was announcing its desire to develop relations with Angola and Mozambique, especially in the economic area, by the end of 1977 the United States had refused to give economic or technical assistance to either nation on the pretext of their violation of "human rights" and the "Cuban presence."

At the same time, more active measures were taken for the purpose of maximally aiding in the establishment of the sociopolitical and economic structures characteristic of pre-monopolistic capitalism in a number of African countries. The current administration has made an even greater effort in this direction than its predecessors. While U.S. economic and technical aid to the African countries totaled 159.7 million dollars in the 1974 fiscal year, the White House has requested 339 million dollars from Congress for the 1979 fiscal year, of which 294 million will be used directly to "promote development." In the 1975 fiscal year this kind of "aid" was offered to ten African countries, but now the plans call for the rendering of this kind of aid to 32 countries on the continent, and the proportion accounted for by Africa in American "assistance programs" will rise from 10-11 percent to 19 percent. Until now, the greatest sum of "aid" was 315 million dollars in the 1962 fiscal year, and this figure has constantly decreased with each year since that time. The return to the previous policy in this area has also resulted from the fact that private investors are now less eager to invest capital in the African states, fearing nationalization.

The Somali leaders' outburst of chauvinism and nationalism in the summer of 1977, their aggressive claims to the Horn of Africa and their refusal to engage in the peaceful political settlement of disputes with Ethiopia presented the United States with a real and rare opportunity to discredit the idea of non-capitalist development in the young states and to use the hands of one of these states to smother revolution in another. This insidious plan was implemented with the aid of imperialism's entire stock of means, including the delivery of American weapons through Egypt, Iran and Saudi Arabia acting as middlemen.

The aggression against Ethiopia put the Somali leaders in a difficult position politically and economically. The Somali Army had to abandon all of its heavy artillery in its hasty retreat from Ogadana, the Somali economy suffered tremendous losses (the war was financed not only by reactionary

Arab regimes but also through the mobilization of Somalia's own monetary and material resources), and thousands of people died. Fearing that the defeat in the war with Ethiopia had not had a sobering effect on the nationalistically inclined leaders of Somalia, Washington sent R. Moose, the secretary of state's adviser on African affairs, to Mogadiscio as a personal representative of the American President. He negotiated the delivery of American weapons to Somalia and spoke of the possibility of creating a military-political alliance of pro-Western nations in the Red Sea zone with Somali participation. Moreover, as the Ethiopian press reported, R. Moose discussed a plan for the complete or partial incorporation of the Republic of Djibouti in Somalia with Somali leaders. In June an American military mission arrived in Mogadiscio for further negotiations.

Washington's declared "solidarity" with the struggle of the African people for national liberation was actually nothing more than a policy of playing up to representatives of the African political groups willing to cooperate with the racists on the latter's terms. Besides this, in contrast to the policy of the Ford Administration on this issue (it emphasized the need to break up national liberation forces into separate factions), Washington is now employing the tactic of relying on the collaborationists among African political figures. For example, N. Sithole took a trip to the United States in November 1977, where he spoke with top-level officials about the possibility of American support for his and Smith's plan for an "internal solution." In March 1978 they began to implement this plan, in accordance with which an executive council was created; Smith was to remain prime minister until such time as a new constitution would be adopted by referendum (with only whites voting).<sup>14</sup> But the possibility of realizing this plan is strongly doubted in the United States, since it has been condemned not only by patriotic forces in Zimbabwe, but also by a vast majority of African countries. During President Carter's visit to Nigeria in April 1978,<sup>15</sup> he tried to win support from its leaders. In the joint American-Nigerian communique on this visit, however, the head of the Nigerian state expressed "his government's serious disillusionment with some countries' policy of cooperation with South Africa." Carter simultaneously made another attempt to break up the front of national patriotic forces: He proposed a new set of talks (the previous ones were in 1976), pursuing the goal of foisting settlement terms convenient for the West on national patriotic forces. The trip taken to South Africa by C. Vance and A. Young with British Foreign Secretary D. Owen in the middle of April 1978 had the goal not only of making the idea of new talks appealing to their proposed participants, but also of finding political possibilities for breaking up the Patriotic Front of Zimbabwe and encouraging each of its leaders to separately agree to the "internal solution."

A similar situation exists in Namibia, where the collaborationist role has been assumed by the leaders of the Turnhalle Democratic Alliance and the Namibian Patriotic Coalition headed by N. Kerin. At the talks in New York at the end of February 1978 between five Western powers, South Africa and representatives of African political organizations in Namibia (which were unproductive) and after them, American diplomacy did everything possible to

set up SWAPO, which has been recognized by the Organization of African Unity and the United Nations, in opposition to schismatic groups. Attempts were even made to take advantage of conflicts within SWAPO and to isolate it. This was the aim, in particular, of the American proposal of "free elections" in Namibia prior to the granting of its independence and the withdrawal of South African troops. At a time when the South African administration controls Namibia's internal political life, we could hardly expect any real manifestation of the Namibian people's free will. Some observers, however, have expressed the view that SWAPO will win a victory even in this kind of situation.<sup>16</sup> A direct struggle is also being waged against it. At the beginning of May, South African regular troops made a raid on Angolan territory for the purpose of demolishing SWAPO's camps. In addition to the physical annihilation of SWAPO's supporters, this provocative action, encouraged by the West, led to the cancellation of the planned negotiations on the "granting of independence to Namibia."

The maneuvers of American diplomacy in connection with the Rhodesian and Namibian issues, which were conducted after Carter's visit to Africa, indicate that it intends to do everything possible to prevent national patriotic forces from taking power in Zimbabwe and Namibia. This policy, however, is not likely to lead to success. The real situation is such that Washington will have to contend both with the Patriotic Front of Zimbabwe and SWAPO.

The chief goals of the United States' "new" policy in Africa are still the same: struggle against the national liberation movement, against the prestige of forces for peace and socialism, and for the reinforcement of imperialist "positions of strength" on the continent.

The increasing number of steps taken for the purpose of adapting to the changes on the African continent (for example, the fact that Washington has even resorted to such "drastic" diplomatic means as an official visit by the President to the continent for the first time in history) indicate that U.S. imperialism does not wish to lose its influence in Africa. All of the successive failures and miscalculations of American diplomacy, however, testify that imperialism's attempts to slow down the progress of national and social liberation are historically doomed to failure.

All of the experience in U.S. relations with the young African states and the national liberation movements has made it increasingly apparent that Washington's fear of the strengthening of the positions occupied by forces for peace and socialism in Africa has compelled and continues to compel it to back movements which obviously have no political support from the masses, and is also the reason for its unrealistic and unsound policy toward national liberation forces. The attempts of U.S. ruling circles to blame the failure of their own policy on the "intrigues" of nations in the socialist community have also been unproductive. The socialist community has given every kind of effective assistance to the African countries in their struggle for political and economic independence and has thereby won their affection.

Washington's strategy in regard to liberation forces in Africa has always failed to keep up with current events, and it does not take the strength and resoluteness of the African people's national liberation struggle and the total balance of power in the world into account.

From time to time, imperialism in general and Washington in particular take concrete steps in "emergency situations" which refute their own declared desire to aid in the "peaceful settlement" of problems. Eloquent testimony can be found in the intervention of a number of NATO countries in Zaire for the purpose of suppressing the rebellion in Shaba Province. This obvious relapse into direct imperialist armed intervention by U.S., French, and Belgian forces was accompanied by the Western press' latest campaign concerning the alleged Soviet and Cuban intervention. At this same time (5-6 June), a special meeting was held in Paris, where representatives of the United States, Belgium, France, the FRG and England discussed the "situation in Africa." Specifically, they talked about the creation of a punitive expeditionary force commanded by NATO to suppress demonstrations by national liberation forces in any particular African country.

The joint imperialist intervention in Zaire has also quite clearly revealed an unadvertised aspect of Washington's "new" African policy--the course of reinforcing imperialism's shaky "positions of strength" on the African continent with the aid of the coordinated and concerted efforts of the imperialist states with the greatest interest in this region.

All of this attests to the fact that Washington's "new" African policy represents a great threat to the progressive young states in Africa and to the national liberation movements.

#### FOOTNOTES

1. Quoted in: FOREIGN AFFAIRS, January 1976, p 342.
2. S. Gervasi, "The Politics of 'Accelerated Economic Growth,'" "Change in Contemporary South Africa," Ed. by L. Thompson and J. Butler, Berkeley, 1975, p 366.
3. A QUARTERLY JOURNAL OF AFRICANIST OPINION, Fall 1975, pp 4, 41.
4. "Ethiopia and the Horn of Africa," Hearings Before the Subcommittee on African Affairs of the Committee on Foreign Relations, U.S. Senate, 4, 5, 6 August 1976, p 77.
5. Ibid., p 42.
6. H. Kissinger, "America and Africa," THE DEPARTMENT OF STATE BULLETIN, 31 May 1976, pp 680-683.



7. INTERNATIONAL HERALD TRIBUNE, 14 February 1977.
8. THE DEPARTMENT OF STATE BULLETIN, 8 August 1977, pp 169-170.
9. INTERNATIONAL HERALD TRIBUNE, 3 February 1977.
10. See SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, No 8, 1977, p 84--Editor's note.
11. THE NEW YORK TIMES, 2 July 1977.
12. "Materialy XXV s"yezda KPSS" [Materials of the 25th CPSU Congress], Moscow, 1976, pp 12, 13.
13. KOMMUNIST, No 7, 1978, p 20.
14. TIME, 3 April 1978, p 20.
15. For a detailed account of this visit, see SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, No 6, 1978--Editor's note.
16. TIME, 24 April 1978, p 27.

8588

CSO: 1803

## THE MONOPOLIES AND WASHINGTON

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 78  
pp 45-56

[Conclusion of article by Val. Zorin]

[Text] In the previous issue of the journal, we discussed the influence of the major regional associations of American monopolistic capital on the composition of the federal administration, particularly the leadership of the Republican Party in past years. We said that monopolistic rivalry and struggle led to the redistribution of the authority of certain associations of monopolists, weakening the influence of some and reinforcing that of others, but that the most powerful groups of big business still have a decisive effect on the course followed by ruling circles.

Lenin's statements about the division of spheres of influence among groups and associations of monopolists due to "irregularities in development, wars and crashes" provide us with a clue, a scientific method, permitting us to deal with the intricate knot of contradictions and forces which, in the mid-1970's, advanced not only a previously little-known figure--current President J. Carter--but also a group of monopolists with no significant influence in the past, to the political foreground in the United States.

To a great extent, this was connected with the dramatic increase in the significance of the Southern states in U.S. economic and political life.

### The New Role of the South

According to statistics, California developed more intensively than any other major economic region in the nation during the 1950's and 1960's, and its financial and industrial corporations led all groups of monopolistic capital in terms of development.<sup>1</sup> This factor was largely due to R. Nixon's arrival in the White House, with his particularly close, as was previously noted, connections with the group of influential California businessmen.

The late 1960's and the early 1970's led to new changes. The South began to take the lead, and quite noticeably, in terms of economic growth rates. According to the research data of Professor Leymond Godwin, 76 percent of

the jobs created during the last decade at production enterprises in the United States were in the American South.<sup>2</sup> Professor Albert Naimy has calculated that the average annual rate of economic development in the South was 4.4 percent during this period, while the nationwide figure was 3.4 percent.<sup>3</sup>

Comparison of Economic Growth in the South to That  
of Other U.S. Regions (in Relation to 1950), %

Indicators	South	Other Regions
Population	50	38
Number of jobs	127	58
Average per capita income	461	274
Industrial output	618	310
Total bank assets	688	310

U.S. NEWS AND WORLD REPORT, 2 August 1976, p 47.

The Southern ports of New Orleans and Houston have occupied leading positions in terms of freight turnover and are now only led by New York, having deposed the traditional centers of shipping. The role played by banks in Atlanta, Houston, Dallas and other financial centers in the South has grown dramatically. Although these banks still cannot compete with financial institutions in New York, Chicago or San Francisco in terms of the amount of capital they control, the growth rates of their operations are higher than those of the old financial centers.

Among the reasons for this, a special place is occupied by the presence of large oil reserves in the South, which were discovered during the postwar period and are being intensively worked; the sizeable market of cheaper manpower; the relatively weak development of the labor movement in comparison to other regions; the favorable weather conditions; the less acute urban crisis; the much lower rate of crime. Many of these factors have intensified migration, bringing skilled manpower and specialists to the South from other regions. The presence of cheaper manpower and the less organized labor movement were of particular significance in the economic development of the South. This is one of the main reasons for the systematic mass-scale transfer of enterprises from the North to the South since the end of the 1950's.

In connection with this, while the first postwar years were a time of mass migration by blacks from the South to cities in the Northeast and Midwest, the reverse was observed in the late 1960's and the 1970's. After failing to find a place for themselves in the North, the blacks began to return on a massive scale to their traditional areas of settlement. This process has been stimulated by the South's rapid economic development, the current more favorable job opportunities, the disruption of the racist practices characteristic of the South's past, and the unforgotten roots and family ties of the black

population which once left its birthplace. Whites, including highly skilled manpower, are also moving to the South in huge numbers.

Economic changes lead to political change. For instance, while 75 blacks were elected to positions in local government in the Southern states in 1965, the figure had already reached several thousand in 1976.

These changes also affect the composition of Congress. As Professor Richard Murray points out, there is no longer a "united South" in the political sense. The number of Southern congressmen with the traditional rightist views and occupying key posts in congressional committees and subcommittees is constantly decreasing. They are being replaced by a group of legislators with a radically different political credo, reflecting the new realities in today's South.<sup>4</sup>

The South's new role is also affecting the course of nationwide political campaigns. The growing population in the Southern states is increasing the number of Southern voters, and within the near future this will change the numerical composition of presidential electors from the South. While approximately 14.5 percent of all those who voted in the presidential elections of the 1960's were Southerners, the figure was 21.5 percent in 1976.

In connection with this, the following statement printed in U.S. NEWS AND WORLD REPORT must be judged sound: "Jimmy Carter is an example of the leader whose rise was due to the growing production and population of the American South and its more important role in economics and politics."<sup>5</sup>

Naturally, it would be wrong to mechanically link the outcome of the 1976 election with the facts listed above. It is obvious that there were many reasons for the election of a man who had not played a noticeable role in American politics until that time. It would be just as wrong to assume that Carter, as the head of the administration, will represent only the interests of the Southern financial oligarchy in Washington. Any U.S. President must take the interest of American monopolistic capital as a whole into account to some degree in his work, and not simply the interests of the group with which he is most closely connected. This is even more true of the Southern monopolistic association due to some peculiarities in its economic structure.

The distinctive features of the economic development of the South, which provide grounds for presuming that the interests of its business community will be given special attention in Washington in the near future, also presuppose special consideration for Northeastern banks, particularly the Rockefeller group, during this period. Here is the explanation for this. When we speak of Western and Midwestern corporations, we can discuss their special interests and large measure of autonomy. The characteristic feature of the Southern regional association of financial capital is its closer ties with Northeastern corporations and a certain overlapping of the interests of both associations. In turn, this is related to the specific features of Southern economic development in recent decades.

Although the Southern oilmen were able to make use of the oil boom of the 1950's and 1960's in their own interest, the Rockefellers, Mellons and some other Northeastern groups have a great deal of influence in their companies. The fierce competition of the initial period following the discovery and development of the oil resources of the Southern states was replaced--or, more precisely, was supplemented--by cooperation between the Southern oilmen and Northern corporations, especially the Rockefeller group. Several large banks and industrial corporations in the Northeast have invested large amounts of capital in the economy of the Southern states and now occupy positions of substantial influence there.

In connection with this, one other important fact should be noted. In recent years, the consolidation of the Southern group of monopolies as a whole has been accompanied by some differentiation in its ranks, with Texas bankers dissociating themselves to some degree from oilmen based in such states as Georgia, North Carolina and South Carolina, which are frequently called the "Deep South" in America. There has been an increasing tendency, on the one hand, toward the expansion of the Texas businessmen's ties with California banks and, on the other, toward an increase in Wall Street's influence in the "Deep South." It is noteworthy, for example, that representatives of the business community of Dallas and Houston--the centers of the Texas group--are using the term "Southwest," which is also being encountered in literature, more frequently in describing their sphere of interests, in contrast to the term "South," which is used by bankers and industrialists in Atlanta and other centers of the "Deep South."

At present, this does not signify the division of the Southern group into two new regional associations. The economic factors and interests which resulted in the emergence of a Southern association in the postwar period are still present in their entirety. But the financial and economic ties which have come into being during the course of fierce competitive struggle and which have engendered new alliances, sometimes temporary and sometimes lasting, have led to some convergence of the interests of the Texas and California groups on the one hand and the Wall Street banks and "Deep South" business community on the other.

All of these circumstances are having a direct effect on politics. They manifested themselves quite clearly during the election campaign of 1976 and during the formation of the Carter Administration.

#### The 1976 Election

By a tradition of long standing, the majority of leading monopolistic groups have given substantial support to the Republican Party. This was the case in the 1976 campaign as well. A poll of 500 representatives of the business community shortly before the election showed that 85.2 percent were supporting Ford and only 10.4 percent favored Carter. Nonetheless, the particularly active support given to Carter not only by Southern business circles but also by influential businessmen in the Northeast, who were searching in advance for a reserve candidate among the Democrats who would be acceptable to them, became an important factor in the election.

There are data which provide grounds for the conclusion that influential business circles in the Northeast, particularly the Rockefellers, also played a special role in Carter's nomination as the Democratic Party candidate. Information has been leaked to the U.S. press, for example, on a meeting and lengthy conversation in the middle of 1974 in London by Carter, who was then the little-known governor of Georgia, and David Rockefeller, head of the Chase Manhattan Bank. Later, right up to the time when Carter was nominated at the Democratic convention in August 1976, several more such meetings took place, and this relationship took on a permanent nature.

In the summer of 1976, the author of this article was in Atlanta and received confirmation of these meetings from persons among Carter's closest associates. They said that Carter was first introduced to D. Rockefeller by J. Paul Austin--chairman of the board of directors of Coca-Cola, with its headquarters in Atlanta. As the head of this company, which is part of the financial empire of the Morgans, Austin is a prominent figure on Wall Street with a seat on the boards of General Electric and the Morgan Guaranty Trust. Judging by all indications, he performs the important role of one of the connecting links between business circles in the South and bankers in the Northeast. It was precisely this man who brought Carter in contact with the influential businessmen of the Wall Street group. Carter's first meeting with D. Rockefeller was followed by the Georgia governor's inclusion in the famous "Trilateral Commission," made up of prominent representatives of the business community, politicians and scholars from the United States, Western Europe and Japan.<sup>6</sup>

A comparison of the list of the American members of this commission with the list of persons occupying key positions in the Carter Administration would disclose many names in common. Many members of the administration were recruited from the membership of Rockefeller's "Trilateral Commission." Carter himself and Vice-President W. Mondale were active members for a number of years, working together with the leaders of the monopolistic groups on U.S. economic and foreign policy strategy, undergoing the necessary training and establishing extensive contacts. Therefore, both Carter and Mondale, the senator from Minnesota and one of the representatives of the new generation of Democratic Party leaders, had already enjoyed a large measure of confidence in the top levels of the business community for some time.

One extremely important factor contributing to Carter's success in winning the nomination was the already mentioned special position occupied by the Southern states in U.S. economic and political life today in general and in the Democratic Party in particular.

Due to a number of historical causes, the South had been regarded as a kind of bastion of the Democratic Party for a long time, and it had a monopoly in this region. In recent decades, however, this monopoly was undermined, as a result of which, for example, the victories of the Republican Nixon in the 1968 and 1972 elections were connected to a significant extent with the weakening of the Democratic Party's influence in the South. When Democratic Party strategists were planning the 1976 campaign, they were aware that its

outcome would depend largely on where the South's sympathies would lie. In view of this, their job was to find a candidate who would be able to win votes in the old political centers of the Northeast and Midwest and in the Southern states.

For a number of reasons, the political image of the South has changed quite dramatically in recent years. Just 2 decades ago, the blacks, who make up a large part of the South's population, were virtually left out of political life in general, and did not even vote. The 1950's and 1960's were marked by a significant increase in the political activity of the black population, which intensified racial conflicts throughout the nation, particularly in the South. Under these conditions, party leaders then felt that the most promising candidates were Southern politicians who occupied positions on the far right and advocated an overtly racist, anti-black program. This state of affairs brought the racist George Wallace, governor of Alabama, to the foreground of the political arena and turned him into a nationwide personality. He played an important role in the campaigns of 1968 and 1972, actually split up the Democratic Party and, to a great extent, predetermined the outcome of these campaigns.

For many years, Southern senators on the far right played a significant role in the Democratic Party leadership. These senators' alliance with right-wing Republicans in the postwar period was one of the chief factors determining the balance of power in the Senate, largely predetermined its stand on major domestic and foreign policy issues and frequently had a decisive effect on the administration's activity.

Substantial changes, however, have been noted in the 1970's. Economic processes in the South and their political consequences have created a qualitatively new situation. The blacks have begun to play an increasingly important role in politics and to have a significant effect on the results of elections in the Southern states. More and more black activists and politicians, supported by black organizations, are being elected to positions in local government. In Congress, there is a group of politicians whose rise has been due to the black movement. Although this group is still quite small, there has been a noticeable increase in its influence. The political bankruptcy of the Wallace movement and the advancement of James Carter provide clear evidence of the new situation.

One of the reasons for Carter's victory was the fact that he was one of the first Southerners to renounce the political extremes of racism, he was able to assess the new state of affairs in the South before others and he included moderate figures from the black movement among his political supporters in addition to the traditional politicians of the South.

The situation in the American political arena in 1976 favored Carter in another respect as well. The leaders of the Democratic Party, taking the new role of the South into account and recognizing the need to overcome schism in the party, were trying to find a candidate who would be acceptable

to Southerners and would be a desirable representative of the South, but would not be burdened by the same kind of political ballast as Wallace and would be able to win the support of voters throughout the nation who had traditionally supported the Democratic Party. Carter was this kind of candidate. He met the requirements of his party and was also completely acceptable to the leaders of the business community.

As for W. Mondale, who was the favorite of the traditional party leadership and was connected with business circles in the Midwest and Northeast, he was offered the second place in the Democratic campaign roll, to "balance" Carter's obscurity in Washington.

#### The Composition of the Carter Administration

Although Carter was backed by certain groups of monopolists, he was unknown to most of the leaders of the business community. For this reason, his arrival in the White House was responded to with definite caution, which was intensified by the populist slogans he used extensively during his campaign when he made generous promises to workers, farmers, blacks, youth and women's organizations above all. It is indicative that as soon as the results of the election of 2 November 1976 became known, stock prices fell sharply in the New York market.

Even before the new President's inauguration, however, the worries of the heads of the business world began to disappear, even though there is still an element of caution in their relations with the administration. After the list of the new administration's members was made public, there was a noticeable increase in the support given to the Carter Administration by the business community. It became obvious that, although the composition of his administration reflected a definite redistribution of roles and influence among monopolistic groups, the influence of big business as a whole in government would remain just as strong as before.

The very method used to form the new administration was extremely reassuring to business and did not depart much from tradition. A month after the elections, the American press reported that the President-elect had called a private meeting with the heads of major banks and corporations for the purpose of hearing their recommendations for future cabinet members. In addition to the President's close friend, Georgia banker Bert Thomas Lance, who later became the director of the influential Office of Management and Budget, the meeting was also attended by such prominent figures as Irving Shapiro, chairman of the board of du Pont de Nemours, Clayton, Jr. of the Southern Railway System, John deButts of American Telephone and Telegraph, General Electric's Reginald Jones, Coca-Cola President J. Paul Austin, Chairman of the Board William Miller of Textron (now the chairman of the board of directors of the Federal Reserve System) and the heads of several other major corporations. On the eve of this meeting, the President said: "I will ask for their advice concerning cabinet appointments. Then I will ask for their constant cooperation with the future administration in solving economic problems and in working out and implementing important laws."



When the list of cabinet members was published, the kind of advice given to the head of the administration by the leaders of big business became apparent. "Carter has chosen his team," the WASHINGTON POST reported at that time, "with rare exceptions, from a tiny segment of American society. Most of the people he has chosen know each other quite well after meeting each other in the headquarters of the nation's largest corporations for many years."<sup>8</sup> In connection with this, the deductions of the influential French journal LE MONDE DIPLOMATIQUE are of interest: "Since the Republican Party, which has not had a majority in Congress for a long time and which has been shaken up by the 'Watergate affair,' has been unable to nominate a man with enough authority for the presidency, people have turned to the Democratic Party. This party suffered in the late 1960's from an unfortunate "ideological polarization," personified by right-wing extremist Wallace and left-wing liberal McGovern. Some wise men like Harriman felt that the solution lay in nominating a man who, like Wallace, would be a Southerner, but would take a stand which would not arouse the hostility of liberals, with an ideological platform vague enough to unite liberals and conservatives. This kind of man was found in the membership of the 'Trilateral Commission' set up by David Rockefeller."<sup>9</sup>

There is no doubt that the Rockefeller family--an influential group and an important component in the Wall Street regional association of monopolies--played an important role in the Nixon and Ford administrations, as did the entire Wall Street association as a whole. One of the distinctive features of these administrations, however, was the relative decline in the role and influence of the Wall Street monopolies in comparison to previous years.

After the death of President Kennedy, who was eliminated as a result of a broad and carefully planned conspiracy, in which, it seems to the author of this article, a direct part was also played by some prominent representatives of financial and industrial circles, including the Texas oil bigwigs, the power in Washington was first assumed by proteges of the Texas association and then representatives of the California group. The positions of Wall Street bankers, who had ruled the U.S. economy for many decades and had almost undivided authority in political life, grew weaker.

In this connection, the Carter Administration's assumption of national leadership is of particular interest, since it signifies not only the advancement of new politicians to the foreground, but also another realignment of forces and redistribution of influence in the power struggle of the major groups of financial capital.

An analysis of the connections of the Carter Administration's leadership provides grounds for the conclusion that the prevailing influence here will be the alliance of Southern businessmen, who are rapidly gaining strength and weight, and the powerful old associations of the Northeast.

The new balance of power and the growing role of "new money"--the businessmen's associations of California, the Midwest and the South--have made it impossible for Wall Street to retain its monopoly on economic and political authority.

At the same time, the experience of the 1960's and 1970's has shown that not one of the new groups is capable of occupying as important a place and playing as great a role as the Wall Street banks did for many decades. As soon as the Texans and Californians shot ahead, as was the case during the Johnson and Nixon administrations, they encountered the united opposition of their rivals. This played one of the most important roles in the political downfalls of the Texan Johnson and the Californian Nixon. The new balance of the power of the leading monopolistic associations has evidently become the basis for the political alliance of the Wall Street bankers and the leaders of one of the "young" groups, based in the Southern states.

If we examine the opinion of analysts from LE MONDE DIPLOMATIQUE in regard to this matter, we can naturally assume that Averell Harriman, a man who has some influence in Wall Street and who plays a prominent role in the leadership of the Democratic Party, as well as the groups he represents, were focusing their attention on an active member of Rockefeller's "Trilateral Commission"--the governor of Georgia--in the hope of not only reconciling the opposing factions of the Democratic Party, but also forming a political alliance made up of the financial-oligarchical groups in the Northeast and South. This is corroborated by the pattern of the connections of prominent figures in the Carter Administration with banks and corporations. Before we examine these ties, however, it would be wise to make a few general comments.

The monopolistic associations have at least as much influence and, in certain respects, even more influence in the Carter Administration than in some past administrations. Top positions in government are now occupied by persons with direct ties to many large banks and corporations in the United States, including the Chase Manhattan Bank, Occidental Petroleum, Gulf and Western, Coca-Cola, the Morgan Guaranty Trust, General Motors, International Business Machines, Bendix, Pan American, American Telephone and Telegraph and the National Bank of Georgia.

A special role is played by the "Charles Kirbo group," named after the head of the large King and Spalding law firm in Atlanta. And the matter here does not only lie in the personal ties between the 39th American President and this Atlanta businessman, his personal friend, but above all in the fact that this law firm serves as a kind of connecting link between the large Southern banks and corporations and the banking houses of Wall Street. And these ties are much broader and more multifaceted than the relations between Wall Street and other regional groups, as, in particular, the groups in California or the Midwest. It was this that made it possible to form the political alliance that advanced J. Carter to a position of prominence.

The formation of his administration displayed traditional methods and circumstances, as well as some new elements reflecting specific processes in U.S. economic and political life. The traditional aspects were displayed in the following manner. In spite of the anti-monopoly and populist slogans widely used in the 1976 campaign, Carter's appeals to the general voting

public, his desire to rely on a coalition made up of labor unions, black, youth and women's organizations and the liberal strata of society, and his attempt to win the support of the "middle class," the petty and middle bourgeoisie--in spite of all this, the composition and structure of not only the cabinet, but also the "secondary echelon" of the federal power structure testify that the largest monopolistic associations and their organizations have completely retained their control over government officials.

The new elements include, in particular, the absence of direct representatives of the financial and industrial elite in the membership of the administration. While previous administrations had not only the proteges of powerful financial groups in their membership but also had prominent figures in these groups (David Kennedy, R. McNamara, J. Connally, D. Packard, R. Ashe and N. Rockefeller) playing a direct part in their activity, such well-known names are not found in Carter's cabinet. In contrast to previous administrations, the present one does not include any multimillionaires either. This does not attest to any kind of fundamental changes, but only to a certain modification of tactics and an attempt, with a view to the mood of the American public in the second half of the 1970's, to slightly camouflage the administration's direct ties with the top levels of financial capital. This is also corroborated by an analysis of the appointments made by President Carter, which will be discussed later.

An analysis of the personnel staff of his administration, taking in around 200 key posts, also provides grounds for several other general opinions. For example, it is striking that many of the corporations and banks represented in the administration are deeply involved in the sphere of international economics and trade. This applies primarily to the old, traditional groups in the business community. These groups, which were formed during the first half of the 20th century and which have large capital investments outside the United States and broad ties with international monopolies and banks, are now doing everything possible to prevent the representatives of "new money," especially businessmen in the Midwest, California and the South from entering the world arena, and are striving to monopolize or at least retain their dominant positions in such profitable areas of business as overseas investments and international trade.

One of Carter's main campaign slogans was his promise to considerably renovate the civil service and to recruit new people for national leadership--people unconnected with the political groups which indulged themselves in Washington for the last few decades and now bear the responsibility for the failure of government policy within the nation and abroad. Carter's personality, his political career and his image as an "outsider," a man who had neither been part of the Washington political elite nor one of the traditional leaders of the Democratic Party in the past, seemed to reinforce the credibility of promises of this kind. We cannot exclude the possibility that Carter actually did want to renovate the composition of the Washington leadership. Regardless of whether this was his sincere wish or not, however, the President has been incapable of making profound changes. The personnel changes he has made have

not differed fundamentally from those made by each new President and those made each time one of the American bourgeoisie's two main parties is succeeded in Washington by the other. In essence, the principle governing the choice of persons for top-level posts in the administration, departments and agencies has remained the same as in the past.

The post of vice-president was occupied by Walter Mondale, the political protege and close friend of a Democratic Party leader--former Vice-President H. Humphrey. For several years, W. Mondale was a prominent representative of the Democratic Party in the Senate and an outstanding figure in the party leadership. The choice of Mondale attested to the party leadership's desire to find a balance for Carter, who was unknown in Washington political circles and "alien" to the traditional party leadership.

The nucleus of the administration, formed in the beginning of 1977, also consisted of figures who had occupied a place in the Democratic Party's top levels for many years. These were Secretary of State C. Vance, Secretary of Defense H. Brown, Secretary of the Treasury M. Blumenthal, Secretary of Health, Education, and Welfare J. Califano, Secretary of Housing and Urban Development P. Harris, and Director of the Arms Control and Disarmament Agency P. Warnke, who had been part of the Kennedy and Johnson administrations and who had played a prominent role in the party leadership during the years when the Democrats were in the opposition.

As a cohesive group affiliated with the Democratic Party's center, these people had also worked together in the business sphere for many years. Vance, for example, was a member of the boards of International Business Machines and Pan American, a partner in the Wall Street law firm of Simpson, Tacher and Bartlett and a member of the board of trustees of the Rockefeller Foundation. Brown had occupied a seat on the board of directors of IBM. M. Blumenthal headed the board of directors of the Bendix Company for several years, was a large shareholder in IBM, General Motors, the Olin Corporation and American Telephone and Telegraph and was a member of the board of trustees of the Rockefeller Foundation.

Secretary of Commerce Juanita Kreps had been a member of the boards of the Chase Manhattan Bank, Western Electric, Eastman Kodak, R. J. Reynolds Industries and J. C. Penney, as well as a member of the board of directors of the New York Stock Exchange. Attorney General G. Bell was a partner in the Atlanta King and Spalding law firm for several years. Its influence was connected with its position as a connecting link between the large Georgian banks--Bell is a shareholder in one (the National Bank of Georgia)--and the Northeastern companies of IBM, General Motors, Coca-Cola and several others.

Prior to his appointment as secretary of health, education, and welfare, J. Califano was the head of another law firm--Williams, Connolly and Califano, in Washington. His firm represented the interests of Coca-Cola, Kaiser, Velsicol Chemical and other companies. He is a shareholder in General Electric. Before she was appointed secretary of housing and urban development, P. Harris was a partner in Fried, Frank, Harris, Shriver and Campelman, another law firm. She also sat on the IBM, Scott Paper Company and Chase Manhattan boards of directors.

It is not difficult to notice that the names of the same companies and banks are repeated in these resumes--Chase Manhattan, International Business Machines, etc. Naturally, this is not a coincidence; it reflects significant natural tendencies.

Until his forced retirement, Bert Thomas Lance,<sup>10</sup> the President's personal friend and fellow Georgian, played an important role in the administration. He was appointed director of the Office of Management and Budget and was given quite extensive powers. He came to this post from the Atlanta National Bank of Georgia (assets of 400 million), with 27 branches in Southern cities. According to experts, the scale of this bank's influence significantly exceeds the scale of its assets, as it has become an important Southern financial institution in recent years. Brock Adams, who was appointed secretary of transportation, also has business connections in this region.

Business circles in the Midwest are represented in the administration by Secretary of the Interior C. Andrus and Secretary of Agriculture R. Bergland. Secretary of Energy J. Schlesinger has extensive contacts in the business community, especially in California.

In order to provide a more complete picture of the business ties of the President and his associates, it is necessary to consider two more aspects of the matter. Atlanta businessman Charles Kirbo is not among the persons occupying official posts in the administration. In Washington, however, they know that he played an important role in Carter's political rise, has a great deal of personal influence with him and has a quite real and substantial effect on the decisions made in the White House. It is precisely Kirbo, whose firm, as was mentioned above, is closely connected with Atlanta businessmen and with Wall Street bankers, who is one of the links in the chain of communications used by monopolies in the "Deep South" to represent their interests and promote decisions favoring them.

Another channel of the Southern business community's influence in the White House is the President's personal staff, which is primarily made up of people from Atlanta. From the very beginning, this staff has been headed by Hamilton Jordan, who supervised the future President's entire campaign in 1976. By that time, he had already been working with Carter for 10 years. He already headed Carter's personal staff when the fledgeling politician was running for governor of Georgia. After making the move from Atlanta to Washington, Jordan became one of the most influential figures among the President's personal associates; he is able to enter the President's cabinet at any time and maintains closer contact with the head of state than any member of the administration.

White House Press Secretary Jody Powell grew up on the farm next to the Carters' farm in Georgia. When he was a student in Emory University's School of Philosophy, he began working for Carter as his personal chauffeur, later became totally involved in the political campaigns of his boss and now has exceptionally strong influence in the administration.

Two of the President's other fellow Georgians--Robert Lipshutz and Stewart Eizenstat--perform functions in the White House which, according to observers, give them at least as much real authority as most of the cabinet. If we also consider the fact that the President's entire personal team has maintained the closest contact--both personal and commercial--with the Georgia elite after moving to the capital, it becomes obvious that the Southerners' representation in the Carter Administration is quite impressive.

The growing political influence of Southerners is also attested to by some of the changes which occurred in the mid-1970's in the congressional leadership. In January 1977, R. Byrd became the Democratic leader in the Senate. Representing the state of West Virginia in the Capitol, this native of North Carolina has been closely connected with financial groups in the Southern states throughout his career and serves as one of their main political representatives in Washington. The House majority leader is also a Southerner, Congressman J. Wright from Texas. The assistant Democratic leader in the Senate is now California's A. Cranston.

Therefore, the composition of the administration (and an analysis of its second and third echelons provides approximately the same picture) permits us to draw the following conclusions. In the first place, the powerful monopolistic associations have a great deal of influence in this administration as well. In the second place, the dominant position is occupied jointly by Wall Street banks and Southern businessmen. Their influence is prevailing, but not exclusive, as the corporations listed above are also connected with influential circles in California and the Midwest, whose interests are represented in one way or another by a number of the administration's members.

If we examine the ties of the corporations and banks listed above with the persons occupying key posts in government, it is easy to discover that, in the final analysis, most of the ties are rooted primarily in the oldest and most influential Wall Street dynasties of the Rockefellers, Morgans, du Ponts, Mellons, Fords and Lehmans.

It is also apparent that there is one monopolistic group occupying a special position in the administration. This is the Rockefeller dynasty--one of the focal points of the economic strength of the Wall Street Group. After losing the second most important post in government (that of vice-president, which was held by Nelson Rockefeller), held by this family in the Ford Administration, it did not suffer any loss of influence, but, as we can see from the facts listed above, it even reinforced its positions.

Therefore, the close intermingling and interpenetration of the top levels of the U.S. business community and the federal power structure have taken on a particularly broad, multifaceted and comprehensive nature in the last 10 years, and, naturally, have a quite definite purpose--to support and reinforce state-monopolistic capitalism and to utilize the government and its agencies more effectively in the interests of the ruling class, especially the giant monopolies.

An analysis of the concrete activities of the Republican and Democratic administrations of recent decades can provide a multitude of examples of the way in which certain monopolistic groups use their influence in the federal power structure to promote programs in which they have an interest. This process is far from smooth or direct. The mechanism by which the monopolies influence policy is complex and multifaceted. The competitive struggle, political rivalry and the conflict of interests lead to a situation in which areas of political emphasis change and the interests of specific groups are given priority at a time when these particular groups have the prevailing influence in the administration in power. But the main thing remains unchanged: The American Government represents the interests of the bourgeoisie, particularly its monopolistic nucleus.

#### FOOTNOTES

1. For a more detailed discussion, see N. T. Kaburov's article "The American West" in No 8 for 1976--Editor's note.
2. U.S. NEWS AND WORLD REPORT, 2 August 1976, p 45.
3. TIME, 27 September 1976, p 58.
4. U.S. NEWS AND WORLD REPORT, 12 April 1976, p 60.
5. Ibid., 2 August 1976, p 45.
6. For more detail, see N. D. Turkatenko's article "The Sources and Goals of 'Trilateral Strategy'" in No 9 for 1977--Editor's note.
7. THE NEW YORK TIMES, 26 November 1976, p 3.
8. THE WASHINGTON POST, 29 December 1976, p 4.
9. LE MONDE DIPLOMATIQUE, November 1976, No 272, p 1.
10. See the commentary by I. I. Petrov entitled "The 'Lance Affair': Washington's Latest Scandal" in No 1 for 1978--Editor's note.

8588

CSO: 1803

## THE AMERICAN JEWISH COMMUNITY AND ISRAEL

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 78  
pp 57-69

[Article by S. M. Rogov]

[Text] In recent years, Washington's Middle Eastern policy has probably been affected more by American internal political processes than any other regional aspect of U.S. foreign policy. One of the chief centers of international Zionism is located in the United States, and this has a significant effect on the process of policy-making in the nation in regard to the Arab-Israeli conflict and problems in the Middle East in general. For several decades now U. S. policy in this region has largely been engineered with emphasis on the ruling clique in Israel, acting as the policeman of imperialist forces in the struggle against the Arab national liberation movement. The American-Israeli alliance is based on the common interests of U.S. imperialist circles and international Zionism and their hostility toward the cause of peace and socialism and the national liberation of peoples. The Zionist movement in the United States, as a perceptible factor in American internal political life, has many opportunities to influence Washington's Middle Eastern policy and focuses its attention on the rendering of all-round political and military assistance to Tel Aviv.

The chief basis of the political activity of American Zionists is the organized Jewish community--that is, the system of closely connected socio-political, cultural, educational, professional, religious, "charitable" and other Jewish organizations in the United States.

It should be noted that in American literature the term "Jewish community" is frequently used interchangeably with the concept of the "Jewish ethnic group," which takes in all American Jews. In actuality, however, far from all of the 5.8 million Americans of Jewish origin belong to the organized Jewish community, take part in its activities or give it financial support. Even according to the estimates of American researchers, approximately one-third of all American Jews have no ties to the organized community. Therefore, the boundaries of the community do not coincide with those of the Jewish ethnic group; the former is only the organized nucleus of the latter.



The American Jewish community is a large organizational complex made up of approximately 300 nationwide organizations with thousands of local branches, 4,500 synagogues, 300 local Jewish community centers, hundreds of clubs and professional associations, 2,800 schools, several dozen higher academic institutions, 67 hospitals, 2 daily newspapers, over a hundred weekly papers and several hundred magazines and bulletins published by Jewish organizations.

The social composition of the Jewish ethnic group in the United States has several distinctive features, particularly the high percentage of persons in the urban middle strata, among whom the number of specialists is constantly growing with a corresponding reduction in the once quite large Jewish petty bourgeoisie. Workers of Jewish origin are mainly employed in light industry, trade and the public service sphere.

During the last few decades, the positions of the Jewish bourgeoisie have become much stronger; the influence of this group is not limited to a few of Wall Street's renowned investment banking firms and trading companies, but is also present in a number of the newest branches of industry (including electronics and the aerospace industry) closely connected with the U.S. military-industrial complex. On the whole, as a resolution of the 21st Congress of the Communist Party of the United States of America noted, the Jewish population is not a homogeneous group in terms of class. "On one end of the scale is the Jewish grand bourgeoisie, which is part of the highest circle of financial capital in the United States, and on the other end we find approximately 15 percent of the American families officially classified as 'poor.'"<sup>1</sup>

As for big capitalists of Jewish origin, they do not in any sense make up a specific substratum isolated from the rest of the Jewish ruling class, but are part of the American monopolistic bourgeoisie, have merged into this bourgeoisie as closely as possible and constitute an integral and extremely influential part of it. Of all American millionaires, 20 percent are capitalists of Jewish origin.<sup>2</sup> The contributions of the Jewish bourgeoisie to the election funds of the leading bourgeois parties account for up to 40 percent of the Republican fund and 60 percent of the Democratic fund.

The Jewish bourgeoisie has firm control over the highest levels of leadership in the American Jewish community. It controls a network of "charitable" institutions with an annual budget exceeding 1 billion dollars. This bourgeoisie, however, does not represent a single entity in the economic or political sense; its views and interests are reflected in different groups and currents, which is the reason for the extremely complex organizational structure of the Jewish community, in which many rivalrous and competing organizations exist.

These include openly reactionary and anticommunist organizations which are close in spirit to the John Birch Society, but most of them are liberal organizations adhering to a moderate reformist course in matters of domestic policy. As for the petty bourgeois associations, they maintain close ties with the AFL-CIO and groups with social-democratic sentiments. On the whole,

this diversified organizational structure permits the U.S. Jewish community to establish contacts with the most varied forces in the internal political arena. Since the time of Franklin Roosevelt, most American Jews have supported the Democratic Party.

The prevalence of the bourgeoisie in the community's top levels has been the cause of the bourgeois-nationalist nature of the activities of the main Jewish organizations in the United States. The persons in this clique feel that the emphasis on nationalism is the most effective way of preventing the spread of progressive ideas among Jewish workers and of isolating these workers from the united front of struggle against the monopolies and for social progress and peace. The very structure of the organized American Jewish community reflects the reactionary theory of cultural and ethnic autonomy. This theory's hostility toward the interests of the working class was revealed by V. I. Lenin at the beginning of this century. The leaders of the community have given all-round support to the Zionists, who represent the most chauvinistic and reactionary type of Jewish bourgeois nationalism.

Since the time of international Zionism's reorientation in the 1940's toward the United States as the leading force in the imperialist camp, the American bourgeoisie of Jewish origin has supported the activities of Zionist organizations in every way possible.<sup>3</sup> It is true that the Zionist movement in the United States, which represents a branch of the international Zionist political parties (the headquarters of most of these are in Israel), has not turned into a unified current of Jewish bourgeois nationalism in the United States. Several large organizations, such as the American Jewish Committee, the American Jewish Congress, the American Jewish Labor Committee, B'nai B'rith and others, have armed themselves with many Zionist dogmas, including the idea of the existence of a "world Jewish race," but have rejected the thesis about the need for all Jews to gather in the "Promised Land," counter-acting this thesis with a slogan concerning the need for the "Jewish race" to develop in the Diaspora (outside of Israel). These associations have retained their formal independence of the world Zionist organization, although they cooperate closely with it in their practical activities. At the 29th Congress of the World Zionist Organization (WZO), the leading religious organizations uniting all currents of Judaism in America--reformists, conservatives and orthodox--were made "associate members" of the organization. This attests to the further convergence of the Zionist leadership with the leaders of the organized American Jewish community. Therefore, all of the specific differences existing in the programs of Zionist and formally "non-Zionist" Jewish bourgeois-nationalist organizations are now being relegated to the background.

The "Zionization" of the Jewish community became much more dramatic after the Israeli aggression of 1967, which aroused chauvinist hysteria. The activity of the community was virtually subordinated to the interests of international Zionist centers and, in the final analysis, the Israeli Government, and the Zionist lobbies gained access to this community's multitude of internal political contacts. The pro-Israeli coalition in the American Congress began to take in 75-80 percent of all senators and approximately

60 percent of all members of the House of Representatives--after all, U.S. ruling circles regarded Israel as the "foremost bastion of the West in the Middle East." The Zionist lies about "anti-Semitism in the USSR" were taken up by all U.S. reactionary forces wishing to interfere in the improvement of Soviet-American relations. The Zionist lobbies and the groups in the Jewish communities supporting them played an exceedingly important role in the coalition of opponents of international detente, headed by representatives of the military-industrial complex, who pushed through the notorious Jackson-Vanik amendment. The influence of reactionary anticommunist and anti-Soviet forces has increased dramatically in the Jewish community itself.

After 1967 the bourgeois opposition to Zionism in this community decreased substantially. The American Council for Judaism, which had previously been supported by a number of big capitalists of Jewish origin, lost its influence by advocating assimilation. The nationalist position was also occupied by the heads of a number of Jewish organizations, which were reputed to be progressive prior to this, grouped around the newspaper MORNING FREIHEIT. Following the lead of reactionary propaganda, these circles called the Israeli aggression a "defensive action" and were soon in the same camp as the apologists of the Tel Aviv Government and anti-Soviet instigators. A characteristic indicator of the American Jewish community's rightward shift to reactionary positions was the birth of the fascistic "Jewish Defense League," which quickly won scandalous notoriety. As for the "respectable" Jewish bourgeois organizations, they, in the words of Kahan, who dissociated himself from the terrorists, made maximum use of extremists to arouse nationalist feelings in the petty bourgeoisie.

At the beginning of the 1970's, representatives of the "non-Zionist" Jewish bourgeoisie in the United States became members of the administrative organs of the "Jewish Agency"--the head organization of international Zionism, connected with the Israeli Government by special agreement. While the executive committee of this agency had previously represented a single entity with the executive committee of the WZO, now 50 percent of the seats in the expanded agency were assigned to "non-Zionists," the heads of the "United Jewish Appeal" and other "charitable" associations; these turned huge sums, in the guise of charity, over to this agency and, through it, essentially to the Israeli Government itself. The purpose of the reorganization of the Jewish Agency, the head of which was taken over by M. Fischer, Detroit millionaire closely connected with the Republican Administration, was to give the big American bourgeoisie of Jewish origin, the main contributor of funds, a greater role in the administrative centers of international Zionism.

The October War of 1973 was a turning point in the development of the new and extremely contradictory processes in the Jewish community. This war demonstrated Israel's total dependence on American Government assistance--political, military and economic. While this assistance was previously limited to a few tens or hundreds of millions of dollars a year (and almost completely in the form of credit), after 1973 it became firmly established on the level of 2 billion dollars a year, most of which was non-refundable

aid. Israel also ceased to be a "cheap" ally of the United States by the fact that the openly pro-Israeli nature of American policy in the Middle East complicated Washington's relations with the Arab oil-producing countries.

Under these new conditions, Washington slightly modified its approach to the Middle East and, without renouncing its orientation toward Tel Aviv, considerably reinforced its ties with reactionary circles in the Arab world. While prior to 1973 Israel was regarded as the main, and almost the only, medium of American policy in the Middle East, emphasis was now placed on the diversification of this policy and the more active use of other reactionary regimes, especially in Saudi Arabia and Egypt. There was also a change of emphasis in the American approach to the Arab-Israeli conflict. The United States tried to take on the role of a "referee" between Israel and pro-American regimes in the Arab world in an attempt to find a solution to the Middle Eastern conflict which would serve Washington's interests to the maximum. Although the pro-Israeli bias in American policy remained unchanged, certain differences were discovered in the tactics of Washington and Tel Aviv, indicating that the similarity of U.S. and Israeli interests did not in any sense signify their direct and total agreement. Voices began to be heard in American ruling circles, calling for U.S. foreign policy leaders to guard their own long-range interests by dealing with the extremist leaders of Tel Aviv in such a way as to "put them in their place." In this way, in G. Ball's words, "Israel could be saved in spite of herself."<sup>4</sup>

The new features of Washington's approach to the Middle East and American-Israeli relations gave rise to a serious crisis in the U.S. Jewish community. Zionist circles and their allies had previously justified their 100-percent support for Israel with the thesis concerning the complete agreement of Washington and Tel Aviv interests; now this thesis was no longer convincing. As a result, there was division within the community between circles unconditionally supporting the Israeli leaders and those wishing to prevent "excessive" emphasis on the Tel Aviv Government. The "pro-Israeli unity of the American Jews," which had been so painstakingly publicized by Zionist circles, developed deep cracks.

These differences of opinion within the community were largely due to the uneven development of assimilation processes among Americans of Jewish origin. The petty bourgeois strata, which are only weakly connected with large-scale modern production, are least subject to the effects of these processes and make up the mass basis of nationalist currents. Assimilation has had its most profound effect on workers and, on the other side, capitalists, as well as a significant portion of the intelligentsia. It is with good reason that the Zionist organizations in the United States constantly declare their "Americanism"; their programs are a mixture of "classic" Zionist dogmas with many postulates of the philosophy of bourgeois pragmatism adopted in the United States.

The ideology and program of the WZO, with its thesis on the central position occupied by Israel in the life of all Jews and their "dual loyalty" regardless of their place of residence, are also of an openly anti-assimilation nature. Zionist circles are doing everything possible to create a kind of "spiritual ghetto" for the American Jews, forcing them to isolate themselves and to accept the allegedly unique forms of their "national" culture, actually involving the revival of old and decrepit traditions and customs--mainly of a clerical nature. Special emphasis is placed on the revival of synagogue activities and on the creation of an all-encompassing system of "secular Jewish education," as well as propaganda about the same old "exclusivity" and the development of a chauvinist and racist mentality. But the main area of Zionist activity consists in the attempt to turn the "Jews of the Diaspora," including American Jews, into obedient executors of the will of Israel's reactionary leaders. Due to the growing foreign political isolation of this state, its leaders and the heads of international Zionist centers are openly demanding that Jews throughout the world protect the interests of the Tel Aviv Government at any cost.

In this connection, the activities of the Zionist lobby in the United States, headed by the American-Israel Public Affairs Committee, are indicative. Receiving its instructions directly from Tel Aviv or from its embassy in Washington, this committee, which unites 11,000 administrators and officials of nationwide and local Zionist and pro-Zionist organizations in the United States, mobilizes virtually the entire organized Jewish community for participation in pro-Israeli campaigns.<sup>5</sup> The executive director of this committee, M. Amitay, frankly formulated the credo of the Zionist lobbies in the following way: "What is good for Israel is good for the United States!"<sup>6</sup> In an attempt to preserve and reinforce Tel Aviv's "special place" in the Middle Eastern policy of the United States, the Zionist lobbies have repeatedly opposed any steps by the administration which threaten, in their opinion, to weaken support for Israel. The Zionist lobbies are working against Washington's convergence with reactionary Arab regimes and, in particular, are trying to restrict deliveries of weapons to Saudi Arabia and Egypt. As a result, the American Jewish community sometimes has to choose to support either Washington or Tel Aviv.

The forces advocating the total support of Israel include such influential Zionist organizations as the Zionists Revisionists of America and the Zionist Organization of America, which are closely connected with the ultra-rightist Likud bloc which took power in Israel in 1977. They serve as apologists for the slogan of the creation of "great Israel," coming close to accusing Washington of "betraying" Israeli interests every time U.S. policy displays even minimum divergence from the Israeli course; they criticized the previous Israeli Government from a rightist standpoint, accusing it of "excessive compliance with American pressure," and greeted the arrival of the Begin Government with delight.

The influential group of formal "non-Zionists," who have rallied round the magazine published by the American Jewish Committee, COMMENTARY, have actually taken a similar stand. This group maintains close contact with the right wing of the Democratic Party, labor unions and the Social Democratic Party. Some members of this group once had liberal views, but now associate themselves with the most reactionary anti-Soviet forces, especially the Committee on the Present Danger. The mouthpiece of these circles--COMMENTARY magazine--is playing a prominent role in the struggle for the "reassessment" of the conclusions drawn by the American public from the sad experience of the Vietnam war and is appealing for a return to the policy of undisguised anticommunism. Almost any idea aimed against international detente is "theoretically" substantiated in this magazine. It actively supports the "human rights" campaign launched by the present administration; at the same time, any elements of realism in Washington's policy are subjected to sharp criticism in COMMENTARY.

These circles have taken an equally reactionary stand on U.S. domestic policy issues. Under their influence, a significant part of the Jewish community has stopped supporting the civil rights movement, occupying racist positions and accusing the American blacks of making "excessive" demands which supposedly threaten the interests of whites, including Jews.

There is also a current in Jewish bourgeois and petty bourgeois circles which tends to display a more realistic approach to problems in political life and occupies liberal reformist positions. This current is oriented toward the left wing of the Democratic Party and, in regard to foreign policy issues in general, advocates consideration for the actual balance of power in the world and the renunciation of cold war diehards. The openly chauvinistic views of the present Israeli leaders are frightening off these liberals. Moreover, representatives of this current began to criticize the relationship taking shape between Israel and the Jewish community in the United States even before the change of governments in Tel Aviv. It must be understood that this group did not cast any suspicions on the Zionist ideology or on the need to support Israel: Its criticism was directed against the practice of turning the American Jewish community into a political tool of Tel Aviv. In particular, members of this group objected to the attempts made to manipulate the voters in the presidential election and to build up a "bloc of Jewish voters" on the basis of a single issue--the candidate's feelings about Israel. "I feel that we Jews are creating dangerous and mistaken opinions about our actual positions. We look like bad citizens, advocates of ethnocentrism and, quite often, idiots," Rabbi Arnold Wolf, B'nai B'rith official, wrote during the 1976 campaign. "The American Jews have allowed themselves to be taken advantage of during the current campaign, so that everything we have demanded from the candidates have been loyalty oaths to Israel."

Community leaders have made critical remarks in reference to the need for a reassessment of relations with Israel. Influential circles in the American Jewish community are striving to avoid any situation which would put them against the U.S. Government. The criticism of Tel Aviv by a number of persons in the Jewish establishment also has another underlying motive: Representatives of the large American bourgeoisie of Jewish origin are aspiring to a

leading role in the world Zionist movement, in which Israeli Zionists have retained the top spots in spite of the reorganization of the "Jewish Agency." For the highest levels of the Jewish community, which are inseparable from the American monopolistic bourgeoisie, the support of Zionism and Israel is primarily one way of strengthening their own influence. For this reason, these circles are attempting to replace the thesis of "Israel-centrism" with that of "partnership between Israel and the Diaspora," which would allow them to substantiate the "independence" of the American center of Zionism in relations with the Israel center and essentially transfer the political leadership of the world Zionist movement to the top levels of this community. Therefore, the critical remarks about Israel, to a certain degree, reflect the rivalry between the two leading centers of international Zionism.

The theory of "Jewish nationalism in the Diaspora" has been most energetically set forth by prominent Zionist activist N. Goldmann, who has close connections with the top levels of the U.S. Jewish community. After the Israeli Zionists were able to obtain his dismissal from the post of WZO president in 1968, he turned the World Jewish Congress into a speaker's platform for his own views. In this congress, Goldmann has been supported by prominent figures from the United States, including J. Prinz, head of the American Jewish Congress. Goldmann's views, which set forth the theory of one of the founders of Zionism, Ahad Ha'-Am, in a new way, have been the focus of fierce ideological debates among Jewish nationalists. The disputes have been made even more fierce by Goldmann's criticism of Israel's practical policy in regard to the Middle Eastern conflict and Tel Aviv's approach to the Soviet Union.

Certain circles in the American Jewish community have also cast suspicions on the "usefulness" of the Jackson Amendment, proposing that it be repealed for not having performed its assigned function.<sup>8</sup> These proposals, however, have been opposed adamantly by Zionist extremists and overt anti-Soviets who have insisted on the continuation of the previous tactic.

Open criticism of the Israeli leaders for their approach to the Middle Eastern conflict is a new tendency in the liberal-reformist circles of the American Jewish community. For example, Rabbi G. Sigman, executive director of the Synagogue Council of America, uniting Judaic organizations of all currents in the United States, has stated that Israeli policy is essentially aimed at preventing the conclusion of a final peace between the Arabs and Israelis at any cost or delaying it as long as possible.<sup>9</sup> Tel Aviv's activity in the occupied Arab territories of the West Bank of the Jordan, particularly the creation of settlements on Arab lands by the ultrareactionary Gush Emunim organization, has also become the object of censure.

Washington representative of the American Jewish Committee H. Bookbinder acknowledged the U.S. Jewish community's serious worries about Israeli policy in May 1977: "In general, over the last 10 years, American Jews and Jewish organizations have acted on the assumption that, given the right circumstances, Israeli troops would essentially be withdrawn (from the occupied territories-- S. R.) in exchange for acceptable terms of peace.... If the Israeli position

now excludes the possibility of withdrawal in any form from the West Bank of the Jordan River, this will lead to serious and sharp debates in the American Jewish community."<sup>10</sup> Statements of this kind testify that the Israeli policy aimed at the permanent occupation of Arab territory no longer has unanimous support even in the U.S. Jewish establishment.

The "Breira" organization, which came into being in 1973 and was mainly made up of representatives of the Jewish liberal intelligentsia, became the center of internal disagreements in the American Jewish community. The aims of this organization were attested to by its very title (the Hebrew word for "alternative"). It was, as it were, a response to the widespread opinion in Israel that there was no alternative to the policy of military confrontation with the Arabs. The Breira membership was quite heterogeneous. It included several rabbis, some influential officials in the Jewish community, including officials of Zionist organizations, and former activists in the antiwar movement. The Breira program reflected some of the ideas widely held in Jewish bourgeois-nationalist circles in the United States, particularly the thesis concerning the "interdependence of Israel and Jewish communities throughout the world." The emphasis, however, was placed on the Breira's right to formulate its own views on aspects of Israeli policy. For example, the program stressed that "American Jews must play the deciding role in calling upon Israel to advance its own peace initiative."

The Breira program has been supported by several prominent figures in the American Jewish community. Its executive committee, for example, included J. Prinz, one of the leaders of the World Jewish Congress, D. Saperstein, chairman of the Commission on Social Action of Reform Judaism, M. Titktn, national director of the Hillel Foundation (operating within the B'nai B'rith framework), Professors D. Perets and A. Vaskov and others. The Breira has received some recognition in the political arena. Its members, particularly Executive Director R. Loeb, spoke in the congressional hearings on the Middle East, setting forth a position which differed significantly from that of the American Israel Public Affairs Committee.<sup>11</sup>

The realistic elements of the Breira's approach to the Middle Eastern conflict became apparent at the first conference of this organization in February 1977. One of the conference resolutions stated that the achievement of a "just and lasting peace" would require that Israel express "the desire to conduct negotiations on the basis of the boundaries existing prior to 4 June 1967"; besides this, "to demonstrate this desire, the establishment of Jewish settlements on occupied territory must stop immediately." Secondly, Israel would have to "recognize the right of the Palestinians to self-determination, including, if the Palestinians should wish this, the creation of a state adjoining Israel on the territory from which Israeli troops should be withdrawn." The conference called upon the Israeli Government to "begin negotiating with a recognized and authorized agency representing the Palestinian Arabs, without excluding the possibility of mutual recognition of the PLO."<sup>12</sup>



Breira representatives also contacted PLO representatives. Two meetings were held at the end of 1976, in New York and Washington, which were attended by, in addition to members of the Breira executive council, some officials of prominent organizations in the American Jewish community, including the former director of the B'nai B'rith international council, the director of the Washington branch of the American Jewish Congress and a representative from the National Council of Jewish Women.<sup>13</sup>

The growing influence of the Breira attested to the intensification of the critical mood in the American Jewish community. In essence, this organization began to express the views of opposition currents of various leanings--both the strata dissatisfied with the overtly chauvinist policy of the Zionist leaders and the forces demanding the renunciation of excessive dependence on Israel and advocating greater concern for the protection of the interests of the American Jewish bourgeoisie precisely in the American arena. A prominent figure in the community and one of the Breira's leaders, J. Prinz, wrote: "We are totally dominated by the Jewish establishment, and it, in turn, acts on the orders of the Israeli authorities."<sup>14</sup> It is no coincidence that the Breira has been supported by several famous American capitalists of Jewish origin, including S. Rubin, former president of the America-Israel Cultural Foundation and director of the Faberge cosmetics firm, one of the activists of the United Jewish Appeal and head of the Rubin Foundation. The Breira has also been given financial assistance by E. Rothschild, the Laras Foundation and the Ottinger Trusteeship Foundation.<sup>15</sup>

Zionist groups, fearing the growth of opposition feelings, launched a deliberate campaign to discredit the Breira at the beginning of 1977. The campaign was led by Israeli diplomats. While persons who expressed their sympathy for the new association were summoned to the Israeli consulates where they were requested to renounce this support, leading organizations in the American Jewish community, pressured by Tel Aviv, took "disciplinary measures" against the Breira and its supporters. The Conference of Presidents of Major American Jewish Organizations and the National Jewish Community Relations Advisory Council condemned the meetings that had been arranged with PLO representatives. Several B'nai B'rith leaders demanded that all Breira supporters be expelled from their ranks. The former leader of the Jewish Defense League, G. Zweibon, who now heads another organization close to it in spirit--Americans for Israeli Security--called for a "witch hunt," declaring that the "witches" were the Breira's supporters.<sup>16</sup> As for the Jewish Defense League, it openly threatened to physically destroy this "traitorous" organization.

But the opposition was not destroyed. This became quite clear a few months later, when the victory of the rightist Likud bloc in the May 1977 elections hit the U.S. Jewish community like a bombshell. The assumption of power in Israel by openly chauvinist and ultra-rightist circles which, in contrast to their predecessors, preferred not to disguise their expansionist goals with demagoguery, dismayed many American Jews.

"The American Jewish community has been shocked by the series of new events," declared M. Yarmon, one of the leaders of the American Jewish Committee. "People are afraid that Begin will undermine the successful move toward peace talks.... The Israelis and the U.S. Jewish community are, naturally, related, but they are, after all, quite different. And Begin must realize this."<sup>17</sup> J. Shapiro, president of the Labor Zionist Alliance of America, closely connected with the Labour Party defeated in Israel, admitted: "There are many doubts about Begin.... My black friends, my union friends and all of my non-Jewish friends who have supported Israel for a long time are deeply worried about the future of this country. Jews also have reason to worry."<sup>18</sup>

After the initial shock has passed, however, the leaders of the community quickly began to establish ties with the new Israeli Government. This proved once again that an alliance with the ruling clique in Tel Aviv is vitally necessary to the American Jewish establishment if it is to retain its dominion over the Jewish masses in the United States.

It is true that, after creating an atmosphere of national hysteria over the notorious "threat to Israel," the leaders of the American Jewish community could not radically shift their course and enter into confrontation with the Israeli leadership. After all, this would signify an acknowledgment of the falsity of the entire policy conducted by the Jewish establishment in the United States over several decades.

Within a few days after the Likud's victory, an intensive exchange of high-level emissaries began between the leaders of the new Israeli Government and the establishment of the American Jewish community. Begin's special emissary, S. Katz, came to the United States on a propaganda mission, while A. Schindler, chairman of the Conference of Presidents of Major American Jewish Organizations, and other high-level officials were sent to Israel.<sup>19</sup> They were able to quickly find a common language. As a result, an intensive propaganda campaign was launched in the U.S. Jewish community for the purpose of "whitewashing" the overtly chauvinist program of the Likud and depicting Begin himself as a "responsible" politician and wise statesman. By the summer of 1977 a delegation of American Jewish leaders visited the White House to express "concern" about the administration's Middle Eastern policy.

The remarks made against the White House by Zionist circles became quite fierce when the joint Soviet-American statement on the Middle East of 1 October 1977 was issued. This campaign was directly ordered by Israeli Foreign Minister M. Dayan, who was then in the United States, and had the purpose of preventing the establishment of the necessary prerequisites for the resumption of the Geneva peace conference which would clear the way for a truly lasting and just settlement of the Arab-Israeli conflict. The Soviet-American statement was also attacked by a broad coalition of opponents of detente, headed by representatives of the U.S. military-industrial complex.

The further development of American policy toward the Middle East temporarily diminished the criticism of the present administration by the top levels of the Jewish community. Community leaders completely supported the policy of separate Egyptian-Israeli bargains inspired by Washington.

Influential circles in the community's leadership, afraid of losing control over its rank-and-file members and simultaneously striving to keep in step with Washington's official course, have made attempts, in particular, to serve as mediators between the pro-American Arab regimes and Tel Aviv. Prominent representatives of the Jewish establishment have recently visited several Arab capitals. During Egyptian President Sadat's trip to the United States in February 1978, several prominent community figures met with him at his request, including F. Klutzrick, former B'nai B'rith president who recently succeeded N. Goldmann as chairman of the World Jewish Congress. Appeals to make use of Cairo's schismatic course have also been made by several leaders of the pro-Israeli coalition in the U.S. Congress, who are closely connected with the Jewish community, including Senator H. Jackson. They have openly underscored A. Sadat's anti-Soviet line, as well as the willingness of the current Egyptian leadership to conduct a policy in the interests of American imperialism.

In the spring of 1978 there was a new outburst of fierce debates in the Jewish community over differences of opinion between Washington and Tel Aviv in regard to the separate Egyptian-Israeli talks. The retirement of M. Siegel, the President's special liaison for Jewish affairs, in March reflected substantial complications in the relations between the White House and the Zionist circles unconditionally supporting the "tough" line of Begin's Government. At the same time, a group of community leaders connected with the Carter Administration criticized Israel's policies, calling upon Tel Aviv to display greater "understanding" of the American position. On the whole, however, the Jewish establishment, fearing the division of the community, is trying to preserve formal unity by guaranteeing a pro-Israeli course in U.S. policy.

Although political differences still exist in the American Jewish community, its top levels and the ruling circles in Israel are still "interdependent." At present, virtually all of the organized community's activity--political lobbying, "charity," and religious, cultural and educational activity--is now built around Israel. As a result, its political and financial power structure has been integrated into the structure of international Zionism, where the leading role is played by the Israeli Government. Therefore, Jewish bourgeois nationalists in the United States serve as a connecting link in American imperialism's alliance with international Zionism. Besides this, the heads of the community have done everything possible to guarantee that Israel's policy will be pro-American.

From the end of the 1940's up to the present time, this kind of Zionist activity has been sanctioned and encouraged by U.S. ruling circles. Despite disagreements that arise from time to time over tactical matters, the

Washington-Tel Aviv alliance is still in force. The nationalist Jewish bourgeoisie in the United States, which represents a component of the American ruling class and one of the groups making up international Zionism, serves as "guarantee" of this alliance.

Washington's present course, just as in the past, is permitting the Zionist leaders in Tel Aviv to block the way to a just and lasting settlement of the Arab-Israeli conflict. American ruling circles are continuing their dangerous game in the Middle East and are encouraging separate bargaining which is causing the process of peaceful settlement to reach an impasse. This is strengthening the positions of more extremist and reactionary circles in Israel itself and in the Jewish community of the United States.

The weakness of opposition bourgeois currents in the American Jewish community is also due to their absence of a precise program. Most opposition figures have themselves, to one degree or another, taken the stand of Jewish bourgeois nationalism and agree with many Zionist dogmas. This largely nullifies the effect of their criticism of the Zionists and their allies who have seized the commanding heights in the community. Even the Breira, which has displayed elements of realism in its attitude toward the chief aspects of Middle Eastern regulation, has set forth its program on the "Jewish question" from an overtly pro-Zionist standpoint.

As for bourgeois anti-Zionists, their influence in the community is now negligible. It is true that the American Council for Judaism and American Jewish Alternatives to Zionism are still in existence, as well as the bulletin MIDDLE EASTERN PROSPECTS, all of which are exposing the aggressive and racist nature of Zionism's policies. They are not capable, however, of correctly revealing the class roots of this phenomenon. Besides this, Zionist propaganda has been able to build a wall of isolation around these critics in the community by labeling them "Jewish anti-Semites."

The Communist Party of the United States of America is waging a consistent and principled struggle against the Zionist ideology and policy, assigning this issue an important place in its work. Communist Party documents expose the reactionary essence of Zionism, its hostility to the interests of Jewish workers and its connections with racism, anticommunism and anti-Sovietism. Communists have decisively refuted the Zionist lies about "anti-Semitism in the USSR" and other propagandistic fantasies. They have set themselves the goal of delivering the Jewish workers from the reactionary influence of the nationalist bourgeoisie and creating a united front of peaceable forces in the struggle for a just and lasting settlement in the Middle East. American communists have called for the unification of all groups in the American public concerned about the situation in the Middle East and advocating the resumption of the Geneva conference as the recognized forum for comprehensive settlement of the Arab-Israeli conflict. This is the platform of the Committee for a Just Peace in the Middle East, which is enjoying increasing prestige in the antiwar movement.

An important role in this matter is being played by JEWISH AFFAIRS, the magazine published by the American Communist Party's Commission on Jewish Affairs. For a long time, the editor of this magazine was prominent Communist Party activist H. Loomer, and now the position is occupied by G. Aptheker, member of the American Communist Party leadership. JEWISH AFFAIRS is gaining increasing popularity with progressive groups in the Jewish community, which were disoriented for a long time by the shift of the MORNING FREIHEIT newspaper and the leaders of a number of Jewish organizations of the same views to a position of nationalism. The special resolution of the Communist Party of the United States of America on this matter<sup>20</sup> sets the task of defeating nationalist tendencies in Jewish democratic circles and mobilizing large segments of the Jewish working class for a struggle for peace and social progress. Under present conditions, more and more American Jews are perceiving the aggressive and racist nature of the policy of the Israeli Government and are refusing to follow the lead of Zionist propagandists. It is indicative that, in spite of all of the intrigues staged in the Jewish community by anti-Soviet and anticommunist forces, especially Zionist circles, most American Jews support international detente; this is attested to by the latest public opinion polls. Progressive strata of the Jewish population in the United States are now displaying increasing solidarity with peace-loving forces in Israel itself and are calling for the establishment of a just and lasting peace in the Middle East, envisaging the withdrawal of Israeli troops from occupied territory, the execution of the right to self-determination by the Palestinian people and the safeguarding of the security of all states in this region.

As for the abovementioned Committee for a Just Peace in the Middle East and other antiwar organizations taking a similar stand, their joint statement (in the form of a paid advertisement) in THE NEW YORK TIMES had great repercussions. This document acknowledges the right of the Palestinian and Israeli peoples to self-determination and contains an appeal to convene a Geneva conference with participation by the PLO. The message demands an end to the arms race in the Middle East. It is indicative that it was signed by many famous Americans of Jewish origin with the most diverse political views. They included Nobel Prize Winner Professor N. Chomsky, Poet A. Ginsberg, Journalists I. Stone and P. Jacobs, and Breira Officials Professor A. Vaskov and Rabbis A. Wolf, M. Robinson and J. Sirota.<sup>21</sup>

Many Americans of Jewish origin are actively involved in the struggle of U.S. democratic organizations against militarism and racism, against domination by monopolies and the violation of civil rights, and against attempts to revive the cold war. The activities of Zionists, however, which are conducted on the pretext of "defending Israel," threaten the interests of Jewish workers by linking the course of the Jewish community with the policy of reactionary anticommunist and racist circles. More and more Jewish workers and members of the democratic intelligentsia are realizing that the intrigues of bourgeois nationalists must be repulsed. Therefore, the indisputable potential of peace-loving forces capable of joining the struggle for a lasting and just peace in the Middle East exists among American Jews.

#### FOOTNOTES

1. JEWISH AFFAIRS, May-June 1975, p 4.
2. H. Sachar, "The Course of Modern Jewish History," New York, 1973, p 346.
3. At the 29th Congress of the WZO in the beginning of 1978, it was announced that the American membership had reached 900,000. This figure is unquestionably exaggerated: Only 200,000 American Jews voted for delegates at this congress.
4. G. Ball, "How to Save Israel in Spite of Herself," FOREIGN AFFAIRS, April 1977, pp 453-471.
5. WALL STREET JOURNAL, 5 July 1977.
6. THE NEW YORK TIMES, 8 August 1975.
7. INTERCHANGE, November 1976, p 3.
8. JOURNAL OF COMMERCE, 2 May 1977.
9. MIDDLE EAST INTERNATIONAL, June 1976, p 4.
10. INTERNATIONAL HERALD TRIBUNE, 30 May 1977.
11. COMMENTARY, April 1977, p 61.
12. THE VILLAGE VOICE, 7 March 1977.
13. INTERCHANGE, January 1977, p 5.
14. THE VILLAGE VOICE, 7 March 1977.
15. Ibid.
16. Ibid.
17. LE MONDE DIPLOMATIQUE, July 1977.
18. Ibid.
19. TIME, 5 September 1977, pp 37-38.
20. JEWISH AFFAIRS, May-June 1977, pp 11-13.
21. THE NEW YORK TIMES, 4 April 1976.

## AGAINST MILITARISM AND THE DANGER OF WAR

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 78  
pp 70-76

[Article by Ye. N. Yershova]

[Text] In the United States, this May was a month full of demonstrations against the arms race, against increased military expending, and for world peace. The special session of the UN General Assembly on disarmament, at which Soviet proposals were supported by the majority of delegates, attracted universal attention. At this time, public demonstrations were organized in many U.S. cities in support of the session's objectives, calling for an end to the arms race and a ban on the neutron bomb. The preparatory work for this campaign was performed by a broad coalition of antiwar, women's, religious and other public organizations.

In New York, antiwar organizations convened an international conference jointly with the World Peace Council. A mass demonstration took place on the sidewalk in front of the UN building; prominent figures in the antiwar and other democratic movements spoke to the crowd. Congressman J. Conyers read an appeal by a group of congressmen to cut off the funds for financing the production of neutron weapons.

On those same days, similar demonstrations took place in Washington, where Japanese political and public figures were participating with Americans in a conference on disarmament. A protest demonstration was organized near the State Department Building when the NATO Council session was meeting there. Demonstrations against the arms race were organized close to a number of military bases, including a demonstration involving 5,000 participants and a "sit-in" involving 1,500 at the Trident submarine base in Bangor (Washington State). In Los Angeles, 12,000 people took part in a demonstration on a Sunday which was declared survival day. Speakers at this meeting included Senator G. McGovern, President C. Chavez of the Agricultural Workers Union and renowned peace activists D. Ellsberg and D. Berrigan. In San Francisco, the city government supported the initiative of local peace activists and declared 23-30 May Disarmament Week.

The purpose of these and many other demonstrations of this kind was set forth by William Winpisinger, president of the Association of Machinists and Aerospace Workers: "To show the government and the entire world that there is a growing movement in our nation which has taken on the responsibility of putting an end to the arms race."

The May antiwar demonstrations represented the latest stage in the development of the movement against militarism and the danger of war in the United States.

Let us recall that in the mid-1960's, when American supporters of peace began their struggle against the aggression in Vietnam, they had to act in difficult circumstances. The general public only became involved in this mass protest under the influence of military failures and the related tragic disillusionment. This marked a definite turning point in the moral atmosphere and political life of American society.

The new conditions arising after the signing of the Paris Agreement on the cessation of hostilities in Vietnam naturally affected the mass antiwar movement, which had been built around the main issue of stopping U.S. aggression in Southeast Asia for 10 years. Demonstrations became less representative and less pointed, but the desire to achieve peace and to prevent "new Vietnams" still existed. According to prominent expert on public opinion D. Yankelovich, until now it has been impossible to analyze "public feelings about U.S. foreign policy without consideration for the Vietnam experience." Yankelovich sees a direct connection between the mass protest against American intervention in Indochina and the current desire of the U.S. public for peace and detente, which is indicated in all public opinion polls.

In recent years, the organizational activity of the supporters of peace has taken place primarily on the local level. Members of the movement have organized discussions, mass-meetings and demonstrations. These actions have mainly been restricted to the framework of neighborhoods, university towns and institutions, but have sometimes taken on nationwide dimensions. If we consider the fact that one of the weaknesses of the U.S. antiwar movement, even during the height of its activity, was its organizational formlessness and discreteness, we can easily see why there was no unity in the peace movement during the 1973-1976 period. The influence of the press and television also contributed to this: The mass media either ignored the peace movement or grossly misinterpreted its aims.

Nonetheless, during these years the supporters of peace were able to earmark a set of issues, within the framework of which the struggle for peace and against the danger of war was closely interconnected with the daily needs of the general public. This was discussed, in particular, by M. Harrington in an article on the prospects of the American peace movement. He stressed the fact that "employment, wages, prices and other similar issues are of primary concern to the majority of Americans"; consequently, the supporters of peace must "find a way of linking these basic concerns of the general



public with peace issues. This means that domestic policy will be the deciding factor in the peace movement."

Inflation, high unemployment and other socioeconomic difficulties have become the most acute national problems in the United States. Antiwar forces are advancing the goals of disarmament and lasting peace as an essential element in the resolution of urgent domestic political problems. This is the reason that many demonstrations in the mid-1970's have been organized around slogans concerning the need to reassess national priorities, cut military spending and give priority to social programs.

The reorganization of the activities of antiwar organizations has created the necessary prerequisite for a new revival of the peace movement. There has been definite success in coordinating the work of local groups on the national level. Several new national organizations and coalitions have come into being: the Coalition for a New Foreign and Military Policy, National Action/Research on the Military Industrial Complex, the Center for the Study of National Security Issues, the Council on National Priorities and Research, the Coalition to Stop Funding the War, Youth Against War and Fascism, the Coalition for International Cooperation and several others.

The peace struggle of the members of the Vietnam Veterans Against the War/Winter Soldiers Organization is of fundamental significance. Traditionally, veterans and their associations have supported militarist and right-wing forces and have served as a medium for inculcating chauvinist views in the public. The war in Vietnam gave rise to qualitative changes in this milieu as well. Veterans were split just like other social groups. Although the members of this antiwar organization constitute a majority in the 24-million strong army of former servicemen, the significance of their activities within the struggle for the consolidation of peace should not be underestimated.

In addition to the recently established peace organizations, some of the "old" organizations from the 1960's are still active. These include the religious pacifist organizations of The American Friends Service Committee, Fellowship of Reconciliation American Interfaith Peace Committee, War Resisters League, etc.

Incidentally, this division of peace organizations into old and new is sometimes quite conditional, since there has been some continuity in their activity throughout the 1960's and 1970's. It can be seen particularly clearly in the example of the old organizations which felt that new conditions necessitated a change of name but which retained their previous objectives. This applies, for example, to A Citizens' Organization for a Sane World--an influential association of liberal politicians, representatives of the academic community, the creative intelligentsia and labor leaders; this organization came into being in 1957 and until the early 1970's was called the National Committee for a Sane Nuclear Policy. The organization called Clergy and Laymen Concerned About Vietnam, which actively fought against the war in Indochina, is now called Clergy and Laity Concerned. The Business Executives

Move for Vietnam Peace has been renamed the Business Executives Move for New National Priorities and so forth.

Many associations of representatives of racial and ethnic minorities, labor unions, poor people's organizations, consumer groups, groups leading the struggle against political repression and women's associations are now advancing antiwar, antimilitarist slogans in addition to their "basic" demands. In particular, a great deal is being done by Women Fight for Peace, the Women's International League for Peace and Freedom, and Another Mother for Peace. They regularly organize demonstrations, mass-meetings and picketing of the White House and Pentagon.

The activization of the struggle for peace was preceded by events which graphically demonstrated the constantly increasing danger of the arms race. The immediate cause was the struggle against the program for the development of the B-1 strategic bomber, and then against the planned production of the neutron bomb. The public was disturbed by the fact that work had been going on to develop a new weapon of mass destruction for almost 2 decades in total secrecy. It turned out that when the U.S. Congress allocated funds to the Energy Research and Development Administration, it did not suspect that the development of the neutron bomb was disguised as part of the public works program.

The danger of the irresponsible use of nuclear energy began to arouse increasing anxiety in the United States. The continuous construction of new nuclear power stations, most of which belonged to private capital, is a serious threat to the environment. The American public is quite aware that the owners of the nuclear power stations are not likely to display any more concern for the safety of workers and the protection of the environment than the owners of coal mines, oil fields, chemical companies and other industrial enterprises which stubbornly ignore social demands and norms in their greed for profits.

This anxiety was naturally heightened after several reports in the American press on the "leaks" of enough nuclear material to produce 1,000 bombs like the one dropped on Hiroshima. Forces for peace have justifiably asserted that this material could have gotten into the hands of Israel, South Africa or--and this is not impossible--organized crime, which could mean the possibility of "nuclear terrorism." There is just as much worry about the export of nuclear technology from the United States, which can lead to the real danger of the "spread" of nuclear weapons.

During the 1976 campaign, large segments of the public hoped that J. Carter would take constructive steps to stop the arms race after becoming President. But his actions since his inauguration, the delays in the strategic arms limitation talks and, mainly, the promotion of programs for new types of weapons of mass destruction have seriously undermined public faith in the White House's foreign policy course.

An informal but broad alliance of forces for peace, organizations advocating socioeconomic reform and supporters of environmental protection has recently taken shape in the United States.

The social and political base of the peace movement is now just as varied as during the war in Vietnam. The movement takes in the most varied classes and social strata--from rank-and-file workers and the working intelligentsia to businessmen; its participants represent almost the entire spectrum of political views--from communists and leftist radicals to moderate conservatives. Sometimes the heterogeneity of ideological and political views affects the total movement. Many groups which only allied themselves with the movement in connection with specific issues are acting in concert with consistent fighters for peace and advocates of disarmament. For example, many liberally inclined public figures and politicians, representatives of the intelligentsia and average Americans are demanding partial cuts in the defense budget, calling it "excessive," or working toward the cancellation of a number of specific military programs due to their "ineffectiveness."

The broad antiwar coalition established in April 1977 demonstrated the growing desire of all of the peace movement's participants for unity. The representatives of 49 antiwar, labor, women's and "anti-nuclear" organizations gathered in Philadelphia and adopted a resolution concerning the need to unite their efforts "to fight against all signs of militarism and to stop the arms race."<sup>1</sup> The coalition was named "Mobilization for Survival." Its initiators were prominent scholars and public figures--R. Falk, professor of international law at Princeton University, Congressman R. Dellums, Nobel Prize winners G. Wald and S. Luria, D. Ellsberg, who was responsible for the publication of the Pentagon's secret papers, and peace activists N. Becker, S. Lens, S. Peck and T. Provence. The coalition closely coordinates antiwar and antimilitarist objectives with the struggle for the reassessment of national priorities. It has demanded that federal funds be redistributed in such a way that the needs of public health, education, housing and so forth be satisfied by means of cuts in military spending.

The "Mobilization for Survival" group initiated a nationwide campaign against nuclear weapons in memory of the bombing of Hiroshima. More than 100 marches demonstration and sit-ins took place in 36 states--most of them at military bases, enterprises connected with the Pentagon and nuclear power stations. At the same time, demonstrations were held in many U.S. cities to protest the development of the neutron bomb as part of International Action Week, designated by the World Peace Council. At the end of last year, antiwar demonstrations were held in ten large cities, including New York, Chicago, Detroit, Cleveland, Philadelphia, Pittsburgh and San Francisco. More than 200 "teach-ins" were organized at universities and colleges throughout the nation.

1. See the commentary by S. A. Kharauzov in No 4 of our journal for 1978--Editor's note.

During all of these antiwar campaigns, signatures were gathered for the new Stockholm appeal. The number of persons endorsing this document has passed the half-million mark, and it has also been supported by several official and public organizations which have adopted special resolutions on this matter. For example, the city council in Cleveland voted unanimously in favor of supporting it, guided by the fact that "the weight of Pentagon spending is crippling the federal government's social programs" and, for this reason, "it is urgently necessary to allocate funds from the defense budget for programs connected with the creation of new jobs, housing construction and public health care."

Summing up the results of its first year of activity, the "Mobilization for Survival" conference stated that "promising signs of a broad movement have appeared." The conference called for the reinforcement of the organizational structure of the peace movement, expansion of its mass base and the institution of international ties to "stop the nuclear insanity and establish peace and justice throughout the world."

One of the distinctive features of the current stage in the peace movement is the much broader implementation of the means traditionally used in the American political process. The fighters for peace have begun to give serious thought to lobbying activity. Antiwar organizations have been formed for the prime objective of exerting pressure on Congress to achieve cuts in military spending, put an end to U.S. intervention in the affairs of other states and stop the arms race. These organizations are distinguished by the fact that they act primarily "on the public level." One important part of the activities of these lobbyist groups consists in informing local antiwar organizations about the course of hearings in various congressional committees and subcommittees and about upcoming votes on foreign policy issues and allocations for defense or social programs. This helps the forces for peace on the local level to make their views known to "their" congressmen.

As a result, although the material bases of the antiwar lobbies cannot even compare with the potential of the lobbyists of large corporations or the defense establishment, they are nonetheless gradually becoming a factor which will have to be taken into account by legislators. Congressman Les Aspin included the peace organizations among the groups representing, according to his definition, "the strongest factor affecting the balloting on military spending in the House of Representatives."

Liberal members of Congress who advocate lower defense spending and the cancellation of specific armament production programs sometimes look to the peace movement for support. For example, in early 1978 the congressional black caucus, after taking steps to organize a movement in support of P. Mitchell's amendment on the reduction of the defense budget by 12 billion dollars, took the initiative in creating a broad coalition. It united almost 40 antiwar labor, black, women's and religious organizations; it won the support of the conference of mayors of American cities. At a press conference organized by the coalition on 31 January 1978, Congressman Mitchell announced

on behalf of its members that they would work toward the reassessment of national priorities, cuts in military spending and the use of these funds to solve socioeconomic problems.

A major factor in the movement is the support it has been given by a large part of the American working class. The United Automobile and Aerospace Workers of America, the International Union of Dockworkers and Warehousemen of the West Coast, the American Federation of State, County and Municipal Employees of America, the Oil, Chemical and Atomic Workers International Union and several other organizations have repeatedly declared their support for the policy of detente and protested against the arms race. In May 1975, for example, the representatives of eight large unions in Washington sent a letter to the members of the House of Representatives in which they demanded cuts in the defense budget. A direct appeal for defense budget cuts was contained in the convention resolution of the United Electrical Workers of America.

It is true that the AFL-CIO leaders are still allying themselves with extreme reactionary forces in regard to these matters. In addition, some workers are still afraid that cuts in defense production will cause a further rise in unemployment. Sometimes the fear of losing a high-paying job forces the workers of certain enterprises to speak in favor of particular defense programs. But the number of labor leaders and rank-and-file workers who are taking a firm stand against war is constantly increasing. According to A. Feinglass, vice president of the Amalgamated Meat Cutters and Butchers of North America, "the old fairy tale that military spending provides people with jobs has ceased to be convincing." This is the same position held by J. Burke, secretary-treasurer of the United Steelworkers of America. "Peace throughout the world and disarmament will not have a negative effect on the economy," he stated, "since there is a long list of domestic problems," the resolution of which would provide people with jobs and industry with orders.

One of the characteristics of the present stage of the peace movement is the scientific intelligentsia's extensive participation in it.

The Alliance of Concerned Scientists (its membership includes such world-famous scientists as Nobel Prize winners L. Pauling, H. Bethe, D. Glaser, O. Chamberlain and G. Yuri) has condemned the plans to produce the neutron bomb and has called for the cessation of the arms race and for disarmament.

The peace movement gives a great deal of attention to the issue of international detente and the status of Soviet-American relations. Despite the propaganda campaign which has exaggerated the old myth of the "Soviet military threat," most Americans still favor cooperation between the United States and the USSR in the interests of guaranteed peace. But "part of the American public," writes the magazine MOVING ON, "has become convinced of the imperialist nature of U.S. foreign policy and has begun to realize that the main threat to war peace and the developing countries is not the Soviet Union but the American people's own nation."

The demonstrations of the forces for peace in support of international detente have acquired particular significance against the background of the demagogic campaign in "defense of human rights." They have exposed this campaign as a means of undermining the policy of detente and reviving the cold war atmosphere. A famous figure in the antiwar movement, Nobel Prize winner N. Chomsky, has called this propagandistic campaign "an attempt to reinforce the ideological basis of American capitalism and simultaneously sabotage detente." A similar view has been expressed by the black journal FREEDOMWAYS. "The Carter Administration cannot be permitted," it stated in an editorial, "to use the common concern for human rights as its basic war-cry or as a demagogic appeal for a new excursion in the cold war spirit, aimed against detente and the development of good relations with the Soviet Union."

The peace organizations are also demanding the cessation of all military and other aid to antihumanitarian and dictatorial regimes and the withdrawal of American troops from South Korea. They are protesting against the assistance given to the Pinochet regime. The movement of solidarity with the people of southern Africa is constantly growing.

The democratic opposition movement has also been quite active in the ranks of the American Armed Forces. It has undergone serious changes since the war in Vietnam and is now making different demands. But the hopes of ruling circles, that the cancellation of the compulsory draft and the transition to a volunteer army, just as the many benefits now offered to volunteers, would put an end to the democratic opposition in the Army, have turned out to be unjustified. The participants in this movement are concentrating mainly on the protection of the civil rights of servicemen and are protesting against racism in the armed forces. The idea of founding unions to protect the interests of the soldiers has recently been given consideration. A fierce struggle has flared up over this demand.

Rightist forces have introduced a bill in Congress, in accordance with which the creation of servicemen's unions would be considered a criminal act. Under the pressure of Congress and the Pentagon, the American Federation of Government Employees has ceased negotiating with the first soldiers' labor groups. Nonetheless, soldier activists, especially the members of Citizen Soldier and the Organized Servicemen's Committee, are determined to continue their activity.

The activities of antimilitaristic soldiers' organizations and, in particular, their issuance of illegal publications and their negative attitude toward army recruiting--all of this attests to serious changes in the consciousness of young Americans. The armed forces command is seriously worried about this. The question of reinstating the compulsory draft is being raised once again in military circles and in Congress. But even its most zealous supporters--Senators J. Stennis, H. Baker and S. Nunn--have had to admit that a return to the old form of the draft within the near future "is not likely to appear acceptable to the American people."

This is the background against which the May demonstrations against the arms race and for peace were held in the United States. They show that the American peace movement is gathering new strength.

8588

CSO: 1803

## UNITED STATES STUDIES IN POLAND TODAY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 78  
pp 77-78

[Article by M. Tarkowski, Institute for the Study of the Contemporary Problems of Capitalism (Warsaw)]

[Text] Research on North American problems is being conducted extensively in our day in the People's Republic of Poland. And the extent of this research is determined not so much by the variety of subjects and issues as by the nature of the research projects themselves, which are being conducted on the basis of a comprehensive interdisciplinary approach to North American studies.

Three large scientific centers in Poland are doing the most intensive work on American studies. These are the Polish Institute of International Issues, within the framework of which the North American Division has been functioning since 1970; the History Institute of the Polish Academy of Sciences (in 1971 the North American Study Group was organized as part of this institute); and, finally, the Institute for the Study of the Contemporary Problems of Capitalism, which has had a North American Department since 1975 (the latter studies the political, socioeconomic and ideological problems of the United States of America and the place occupied by this nation in the contemporary system of capitalist states and in East-West relations).

Naturally, this list does not cover all of the scientific organizations taking part in the analysis of current issues in American area studies. All of these studies are coordinated by the North American Study Group of the History Institute of the Polish Academy of Sciences, headed by Professor Marian Drozdowski. Many scholars take part in the work of this group. Professor Drozdowski also heads the doctoral seminar organized by this group; the latter is publishing a series of works entitled "North America. Studies," based on interdisciplinary studies conducted with the aid of scholars from other scientific centers.



At the Institute for the Study of Contemporary Capitalism, the North American Department is headed by Doctor Longin Pastusiak,<sup>1</sup> author of 20 books on the United States, including "The Poles at the Dawning of the United States" and "The American Mood," published in 1977; that same year, he edited a collective work entitled "From Nixon to Carter. Essays on the Foreign Policy of the United States."

Many articles on American issues have been printed in this institute's organ, the quarterly KAPITALIZM. The institute conducts all-Poland science conferences on U.S. studies, which are attended by foreign scholars, including guests from the USSR, the United States and other countries.

The series "North America. Studies" was mentioned above; the first volume was published 3 years ago. This publication includes analyses by historians; sociologists, economists and political scientists; a great deal of space is devoted to an analysis of the United States' past and present role in world politics. The publication was edited by Professor Drozdowski. Incidentally, an interesting book by this scholar was published in 1976--"The American Revolution in Polish Historical Thought. Historiography and Journalism, 1776-1976."

The name of another prominent Polish expert on American affairs should be listed. This is Doctor Andrzej Lawrowski, director of the Institute for the Study of the Contemporary Problems of Capitalism. In 1975 he published a work entitled "American Sociological Propaganda" and is now working on a monograph on the part played by Polish-Americans in U.S. political life.

We will conclude this brief review by naming a few more books which will provide some idea of the investigative interests and fields of Polish experts on American affairs; all of them were published in 1976 and 1977.

"The Political and Legal Institutions of the United States of America"--this is the name of a collective work by a group of researchers from the Institute of Government and Law of the Polish Academy of Sciences (Warsaw, 1977), discussing the specific features of these institutions, their historical evolution and their methods of adapting to current conditions.

"Poland and the United States. National Economies and Economic Relations." Janus Kaczyrba, author of this book published in 1977, analyzes the internal mechanisms governing the U.S. economy, the developmental level of separate branches and regional economic patterns, as well as the United States' relations with the CEMA countries, especially Poland. He criticizes the existing barriers in economic relations which are impeding the development of U.S. contacts with the socialist countries.

1. Articles by the renowned Doctor Pastusiak have been printed in SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA (No 12 for 1971 and No 11 for 1976); See also the review of his book in No 3 for 1972.

Tomas Knote is the author of "Latin America In U.S. Policy, 1945-1975" (Warsaw, 1976). The author devotes serious attention to the consequences of the revolution in Cuba for the fate of the Latin American continent.

That same year, Kazimierz Nowak published a book entitled "The Army in the Power Structure of the United States," in which he studies the role of the military-industrial complex and the Pentagon, their influence on the foreign policy of the nation and their relations with Congress and the President.

Jerzy Wiatr is the author of the historical and sociological essays entitled "From Lincoln to Nixon" (1976), combining scientific analysis with a popular narrative style.

Maksimilian Berezowski's "The Death of a Senator" was published last year (it is already in its third printing), in which he discusses the circumstances of the assassination of R. Kennedy, the tragic death of M. L. King and other events in recent American history; the author formerly worked as a correspondent of TRIBUNA LJUDU in the United States. In the same year of 1976--and also in its third and supplemented edition--M. Berezowski published "Richard Nixon's Career," in which he not only talks about the career of the 37th President of the United States and the circumstances of the Watergate scandal, but also about the nature of presidential authority in the United States and about the powers and restrictions on the prerogatives of the persons occupying this position. The book published in 1977 by the same journalist, "God Loves America," disputes many widespread myths about the social reality and policy of this state.

On the whole, during the 2 years of 1976 and 1977 alone, almost 30 books by scholars and journalists on U.S. affairs were published in Poland.

8588

CSO: 1803

## ADMINISTRATION'S MEASURES TO 'REGULATE' UNEMPLOYMENT

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No. 8 Aug 78  
pp 79-87

[Article by V. I. Baranov]

[Text] The army of unemployed, or "surplus," labor, represents, as we know, both a product and a condition of capitalist production. "The vicissitudes of the industrial cycle," K. Marx wrote, "increase overpopulation and become one of the most energetic factors contributing to its reproduction."<sup>1</sup> The increased accumulation of capital in the developed capitalist countries, particularly under the conditions of the present scientific and technical revolution, has been accompanied by the expansion of unemployment. In the era of the general crisis of capitalism, it has become massive and chronic. The constantly growing reserve army of labor, which already consists of more than a million persons, is becoming, according to ruling circles in the imperialist states, more and more of a "social time bomb."

In an attempt to avoid scales of unemployment which will endanger political stability, state-monopolistic capitalism is working out and instituting certain measures to keep it on a "safe" level or, as the accepted term in U.S. Government circles puts it, to maintain "full employment"--naturally, in the bourgeois sense of the term.

In the United States the course toward the attainment of this goal was officially declared with the passage of the Employment Act of 1946. Since that time, the federal government has instituted various measures to regulate employment in the nation, which has essentially boiled down to maintaining rates of economic growth which could ensure "full employment."<sup>2</sup> History has shown, however, that they have actually not attained their goals. For example, during the entire period since 1947, the average annual rate of unemployment in the United States has only been below 4 percent for 9 years, and even this was due to the "stimulating" effect on the economy of the arms race and the United States' military ventures in Korea and Vietnam. The rest of the time it constantly rose: The average rate has been 4.5 percent in the 1950's, 4.8 percent in the 1960's and 6.3 percent in the 1970's.

Besides this, the "weight" of each percentage point of the unemployment level has risen from approximately 650,000 persons to 900,000 on the average since the 1950's.<sup>3</sup>

The scales of unemployment have been particularly broad in the 1970's (see Table 1). It reached its peak of the postwar period in May of the crisis year of 1975, when even official data numbered 8.5 million unemployed persons in the nation, or 9.2 percent of the total labor force, while the data of American labor unions, which take even those persons who have stopped looking for jobs and are no longer registered at labor exchanges into account, as well as those who worked part time due to economic reasons,<sup>4</sup> indicated a rate exceeding 13 percent. On the whole, during 1975 around 21 million persons--that is, almost one-fourth of the total labor force--learned what unemployment was through personal experience.

Table 1

Data on Situation in Labor Market, Millions of Persons

	1969	1970	1971	1972	1973	1974	1975	1976	1977
Total labor force	80.7	82.7	84.1	86.5	88.7	91.0	92.6	94.8	97.4
Number working part time due to economic reasons	2.1	2.4	2.7	2.6	2.5	2.9	3.7	3.6	3.2
Number of unemployed	2.8	4.1	5.0	4.8	4.3	5.1	7.8	7.3	6.9
Rate of unemployment, %	3.5	4.9	5.9	5.6	4.9	5.6	8.5	7.7	7.0
Average duration of unemployment, number of weeks	7.9	8.7	11.3	12.0	10.0	9.7	14.1	15.8	14.3

EMPLOYMENT AND EARNINGS, September 1977, p 19; "Economic Report of the President 1978," pp 288, 293; "Employment and Training Report of the President," 1976, p 256. Average annual data.

Mass unemployment leads to large and constantly growing economic losses primarily because of the considerable underutilization of society's main productive force--labor resources. For example, in 1975 alone, losses in the American economy due to unemployment were estimated at 220-240 billion dollars by the Joint Economic Committee of Congress.<sup>5</sup>

While changes in the level of unemployment previously depended mainly on the approach of a particular phase of the economic cycle, the situation has changed considerably since the end of the 1960's. For example, after the economic crises of 1969-1970 and 1973-1975, the cyclical phases of upswing, which have generally been accompanied by an increase in total employment in the nation, were not a time of a substantial drop in the unemployment level. From April 1975--the time when the U.S. economy emerged from the crisis--through November 1976, the number of employed persons in the nation increased by 4.7 million, while the number of unemployed only decreased by

169,000.<sup>6</sup> From November 1976 until one year later, when the American economy was experiencing the phase of cyclical upswing, the number of employed persons increased by 4 million and the army of unemployed persons only decreased by 800,000. This indicates that various factors of a non-cyclical nature are now having an increasing effect on unemployment figures.

The most important of these factors are the technological revolution and the related structural changes in the economy, the trends in the demand for particular types of commodities and services, demographic factors, changes in the educational level and vocational and technical training of workers, and the specific features of state domestic and foreign policy during any particular stage; the export of capital, foreign trade and the activities of international monopolies also have a contradictory effect on the scales of unemployment.<sup>7</sup> During various periods, these factors can cause the level of unemployment to either rise or fall. During the present stage in the general crisis of capitalism, factors which create less need for manpower in national production are becoming increasingly dominant.

A common result of these processes is the preservation of a high level of unemployment during the rising phases of the cycle and a situation in which the growth rate of the labor force exceeds the growth rate of new jobs. For example, while in the 1960's the average annual rate of increase in manpower was 1.8 percent, the figure had risen to 2.4 percent in the 1970's and was even 2.7 percent in 1977. At the same time, the corresponding indicator for employment was, for example, 2 percent in the 1970's.<sup>8</sup>

One important reason for the significantly more rapid growth of the labor force in the United States is also connected with the deterioration of the well-being of millions of families. For example, as a result of the rapid rise in prices, which has become a permanent phenomenon, the rise in the cost of living now exceeds the rise in the nominal wages of the working population. This means that the real wages of, for example, workers in the U.S. processing industry, decreased by 9.7 percent and the wages of construction workers decreased by 11 percent between 1973 and 1975. In an attempt to compensate for the decline in their standard of living, more and more women and young people have been forced to offer their services in the labor market. This is attested to by the significant increase in the percentage accounted for by manpower in the able-bodied population of the United States, which rose from 51.1 to 62.8 percent between 1969 and 1977.

Alleviating the unemployment problem is also made difficult by the fact that most of the new members of the labor force are women and young people without the necessary qualifications or experience. The absence of a universal system of professional training in the United States is causing this lack of qualifications to become an increasingly serious obstacle preventing them from finding jobs. This is why, in particular, the rate of unemployment among national minorities, women and youth is much higher than the national average.

The aggravation of the employment problem and the growing complexity of the mechanism governing the formation of unemployment have been accompanied by changes in the scales and nature of the state's regulating measures in this field. During the first stage of employment regulation, from the late 1940's to the late 1950's, when changes in the unemployment level were of a clearly defined cyclical nature, only indirect methods were used to affect this level by means of fiscal and credit stimulation of economic growth. Practice showed, however, that it was impossible to alleviate the problem with the aid of indirect economic measures alone. The growing scales of national production increased the objective need to regulate the entire process of manpower reproduction, to distribute manpower in accordance with the requirements of the national economy and to institute a policy of long-range and short-range economic controls.

At the beginning of the 1960's the government had to turn to methods which might conditionally be called active methods of employment regulation. The reason for this was the growing lack of correspondence between manpower supply and demand patterns under the conditions of the developing technological revolution, at a time when the rise in the general level and expansion of the scales of unemployment were being accompanied by a shortage of manpower of the necessary qualifications and in the necessary professions ("structural unemployment"). In order to alleviate this contradiction, the Democratic administration used the manpower training act of 1972 as a basis to launch federal programs of vocational training for various population groups without the experience and skills necessary for finding a job. The lack of correspondence between the attempts at creating a system for the active regulation of labor resources on the nationwide scale and the prevalence of indirect methods of economic regulation significantly reduced the impact of federal policy in the field of unemployment. By the beginning of the 1970's, this contradiction and a number of other factors caused the unemployment level to rise even higher.

The 1970's have been marked by the considerable growth of economic difficulties in the United States. There have been two economic crises, followed by lengthy depressions. Various types of structural disproportions have also become more acute. There has been simultaneous acceleration of the rates of unemployment and inflation, which, according to bourgeois economists, is preventing federal measures from reducing unemployment through the stimulation of business activity. In this situation, the Republican administration (1969-1976) preferred to give the major emphasis in its short-range economic policy to the struggle against inflation. This policy was based on credit and fiscal limits to restrict the growth of total demand. By renouncing the policy of stimulating economic growth, however, ruling circles had to deal with the continued intensification of the employment problem.

The search for ways of lowering the high level of unemployment and simultaneously holding on to the anti-inflation policy gradually led to the use of such methods in the mid-1970's as the creation of temporary jobs in the public sector--a method first used by President F. Roosevelt after the

"great depression" as an emergency anti-crisis measure. The first step in this direction was the program launched in 1972 for the creation of temporary jobs in the spheres of education, public health, environmental protection, municipal services and so forth. The funds allocated for this program during the 1972-1974 period totaled 2.5 billion dollars, which guaranteed jobs for an average of 128,000 unemployed persons each year during that period.<sup>9</sup> The negligible scales of the program were largely due to the fact that this move by the Republican administration was motivated more by political considerations; the approaching 1972 presidential election caused this administration to demonstrate its active participation in the struggle against unemployment. It also expected the coming cyclical upswing to reduce unemployment. For this reason, soon after their victory in this election, the Republicans tried to cancel the program. The dramatic intensification of the employment problem in the period of the new crisis of 1973-1975 and the lack of change, or even periodic rise, in the unemployment level in the last, ascending phases of the cycle, however, forced the Republican administration to even broaden "active" federal regulation of employment to some degree, but even this did not cause the scales of this regulation to grow appreciably.

The continuing presence of an excessively high level of unemployment under these conditions aroused the dissatisfaction of the working masses, labor unions and public organizations in the nation, which was taken advantage of by the Democratic Party in the election of 1976. According to many American observers, the victory of Democratic nominee J. Carter in this election was largely ensured by the support of black and other colored Americans, who were suffering most from unemployment, and labor organizations, which believed in his promise to give priority in his economic policy objectives to the fight against unemployment.

The Democrats inherited three existing federal programs for increasing employment from the Republicans: the creation of temporary jobs in the public sector (for 1977, more than 300,000 jobs were planned), local public works (a program with a cost of 2 billion dollars), and anticyclical assistance to state and local governments (1977 allocations totaled 1.25 billion dollars). In combination, these programs were supposed to provide around 450,000 persons with jobs in 1977--that is, they were supposed to lower the level of unemployment by approximately 0.45 percentage points. At a time when there were around 7.5 million unemployed persons in the nation, this was obviously not enough. For this reason, the Carter Administration announced that its primary objective in the economic area would be the reduction of the unemployment level by 1.5 percentage points during the first 2 years: to 6.5 percent by the end of 1977 and to 6 percent in 1978,<sup>10</sup> and by the end of this administration's 4-year term--to 4.75 percent.

In order to attain its declared objectives, the administration decided to shift the primary emphasis in its domestic economic policy to the fight against inflation. It transferred to more active stimulation of the economy as a means of reducing unemployment over the long range.

At the beginning of 1977 the administration submitted its economic program to Congress. This program envisaged the institution of a number of measures in 1977 and 1978 to cut taxes by a total of 22 billion dollars, which, according to government experts, were supposed to guarantee relatively high rates of economic growth right up to 1981 and reduce unemployment to 4.75 percent. According to the calculations of American economist D. Perry, this will require that average annual rates of real growth in the gross national product equal 5.7 percent, and that they even exceed 6 percent during some stages. Without calling this an unattainable objective, he nonetheless notes that rates of economic growth have never remained this high for any length of time in the postwar development of the U.S. economy.

Table 2

Changes in Total Federal Expenditures on Employment  
Regulation, in Billions of Dollars

	Program for creating jobs in the public service sphere	Program of local public works	Program of anticyclical assistance to state and local governments	Programs of vocational training for unemployed persons	Total
Expenditures planned by the Ford Administra- tion for the 1977 fiscal years	2.7	0.6	1.25	2.0	6.55
Expenditures planned by the Carter Administra- tion for the 1977 fiscal year	3.5	1.0	1.9	2.3	8.7
1978 fiscal year	6.0	2.5-3.0	1.5	3.6	13.6-14.1
1979 fiscal year	-	2.0	-	-	2.0

"Senate Hearings Before the Committee on Appropriations. Public Works Employment Appropriations Act," 1976, p 21; NATIONAL JOURNAL, 12 February 1977, pp 246, 250-251; 23 July 1977, p 11-9.

The completion of this task was complicated even more by the fact that, in April 1977, the administration modified its original program by excluding the tax cut measures, which would have had the quickest effect even though they were fairly limited. These measures, which were to have stimulated consumer demand by a total of around 11 billion dollars, were excluded to reduce the program's tendency to increase the federal budget deficit and escalate inflation. The President's economic advisers realized that this would considerably restrict the growth of employment, but they expected that this would be compensated for by the improvements in market conditions which had been apparent in the beginning of 1977--improvements which, according to predictions, were supposed to continue until the end of the year.



By this time, they assumed, other tax measures envisaged in the program would be having their own stimulating effect on the economy. This effect, however, as it turned out, was negligible.

The main distinctive feature of the Democratic administration's economic program was the much greater reliance on active methods of employment regulation. As Secretary of Labor R. Marshall stated, this was due to the administration's certainty that, "within the near future, we will probably not be able to achieve full employment through the assistance of the private economic sector alone and, for this reason, the creation of jobs in the public sector is becoming more and more important to us as the best alternative to unemployment."

Plans called for an increase in allocations for the three abovementioned programs for the creation of jobs in the public sector, which had mainly been worked out and approved by the Republican administration; fiscal year 1978 allocations were to be more than twice as high as 1977 funds--up to 10-10.5 billion dollars (see Table 2). The plan also calls for an increase in the number of temporary jobs from 310,000 in 1976 to approximately 1 million.<sup>11</sup>

Let us examine these programs more closely.

The Public Service Employment Program is aimed at the creation of temporary jobs which, as a rule, do not require a high level of qualifications, in such spheres as public education and medical care (auxiliary personnel), environmental protection, municipal services and so forth. Within the framework of this program, some vocational training was to be provided for a few jobs. The relatively low wages envisaged in the program permits the creation of many more jobs per unit of allocated funds than with other methods of guaranteed employment.

By the time J. Carter moved into the White House, annual allocations for this program were 2.7 billion dollars, which financed 310,000 jobs. The new administration decided to increase the number of jobs to 600,000 by the end of 1977 and 725,000 by 1 March 1978, planning to bring annual allocations up to 6 billion dollars by this time.<sup>12</sup>

The administration of the program is decentralized and is carried out by 450 special administrators in the state and local governments. Around 16 percent of the funds are distributed among regions with an unemployment rate of more than 6.5 percent; these jobs are given to persons who have not worked for at least 30 days, regardless of their previous salary level. The remaining funds are distributed among all other regions of the nation, but these jobs are only given to members of low-income families who have been unemployed for more than 15 weeks or persons collecting welfare benefits.

The Local Public Works Program was launched in 1976 and envisages the creation of temporary jobs through federal financing of the construction of new public buildings and other structures (schools, hospitals, libraries, police stations, dams, sewerage and sewage systems, recreational facilities, etc.),

as well as various repair and renovation projects. Most of the work is performed in accordance with contracts by private firms, but some projects are carried out by government organizations.

Plans call for the tripling of the allocations for this program--from 2 billion dollars to 6 billion--which will make it the largest anticyclical public works program since the time of the "great depression." Of this total, 65 percent is supposed to be distributed among all states in proportion to the number of registered unemployed persons in the states, while the remaining 35 percent will be sent as additional funds to states with an unemployment rate of more than 6.5 percent.<sup>13</sup>

According to official American estimates, the implementation of this program will create a total of 450,000 jobs. The experience in carrying out programs of this kind, however, testifies that their actual results are always lower than advance predictions. One of the reasons for this is the high cost of creating a job (up to 30,000 dollars a year). The impact of the program is also considerably diminished by the significant delays in the commencement of projects.

The rules governing the Local Public Works Program, which were formulated by the Ford Administration, envisages several measures to heighten its ultimate effect on employment. For example, the average cost of projects is to be lowered to 1 million dollars and more attention is to be paid to repair and renovation work. This was made necessary by the fact that the construction of large facilities signifies an increase in the percentage accounted for by materials and equipment in their cost and a corresponding decrease in the percentage accounted for by wages. During ascending phases of the cycle, this would increase the demand for construction equipment and materials and thereby escalate inflation. Besides this, the construction of large facilities on a broad scale requires a great deal of time, and this increases the possibility of organizational confusion and delay.

By aiming this federal program at the completion of small but labor-intensive projects, its initiators hope that this will create the necessary conditions for the avoidance of large equipment purchases. For the same purpose, the services of private construction firms with the necessary technical means are to be enlisted to carry out these projects. Besides this, the construction of small facilities requires much less time, which will make it easier to stop financing them if there should be an improvement in market conditions. One stipulation is that work on the projects must begin no later than 90 days after the projects have been approved so that the program's "employment peak" can be reached earlier.

The entire sum of 6 billion dollars allocated for the program had been completely distributed by the fall of 1977; this included the 1977 fiscal year allocations of close to 1 billion dollars, while the rest was to be allocated prior to 1980.<sup>14</sup> According to plan, the "employment peak" should be reached in 1978.

The program of antycyclical federal assistance to state and local governments is a new element in the federal regulation of employment. In contrast to the two other programs, it is not aimed directly at the creation of new jobs. It only envisages the distribution of federal funds among state and local governments to maintain their volume of municipal and other services and to rapidly revive and increase employment in this sector of the economy after its significant reduction during the crisis of 1973-1975. The reason for this was the decline of the financial status of state and local governments due to their lower tax revenues because of the low rate of market activity and the high rate of unemployment. The growth rate of jobs in state and local governments during the postcrisis period was less than half of the average annual rate of the 1960's. As a result, despite the federal financing of more than 300,000 jobs in this sector, the number of employed persons here rose by a total of only 525,000 between March 1975 and the end of June 1977.<sup>15</sup>

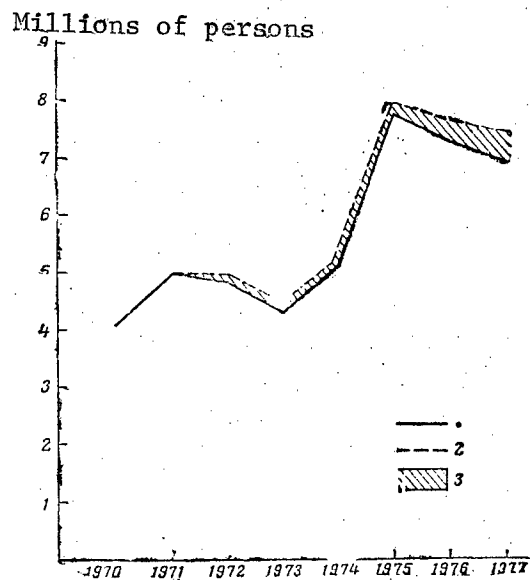
The Carter Administration planned to increase the allocations for this program by 633 million dollars--up to 1.9 billion in 1977, which was supposed to create around 100,000 more jobs.<sup>16</sup>

Another step taken by the Democratic administration to regulate employment consisted in the expansion of vocational training programs. In contrast to the programs aimed at increasing employment, these generally do not create new jobs, but only remove some unemployed persons from the labor market for the length of their training period. The participants in these programs receive financial compensation which is frequently only slightly higher than their unemployment benefits.

The administration planned to expand the scales of vocational training for youth, Vietnam war veterans, American Indians and immigrants; this was due to the excessively high rate of unemployment in these population groups. According to preliminary data, federal expenditures on these programs will rise to 3.6 billion dollars in the 1978 fiscal year, which will increase the number of persons being trained by more than 300,000.<sup>17</sup> On the whole, the expansion of these programs was supposed to reduce the rate of unemployment by approximately 0.2 percentage points by the end of 1977 and another 0.1 in 1978.<sup>18</sup>

Less and less people, however, are finding jobs after completing their training (according to the latest data, less than one-third), while most of them are once again joining the army of unemployed. For this reason, the Department of Labor is trying to coordinate its own vocational training plans more closely with the need for manpower in the private sector of the economy by encouraging private firms to participate directly in the realization of these programs.

How effective have the administration's measures been in the fight against unemployment?



Effect of programs for increasing employment on rate of unemployment: 1--actual number of totally unemployed persons according to official statistics; 2--probable number of unemployed in the absence of programs; 3--number of jobs created in accordance with programs

To judge their impact, we must first consider the fact that, despite the expectations of the President's economic advisers, there was a noticeable decline in the rate of real growth in the GNP by the second quarter of 1977. While the rate for the first quarter, calculated on an annual basis, was 7.5 percent, the figure had dropped to 4.2 percent in the fourth quarter. The average rate for the year was 4.9 percent, as against 6 percent in 1976. This had an almost immediate effect on employment. The decrease in unemployment which had been noted at the beginning of 1977 ceased, and it settled at 6.9-7.1 percent from May through November. Only the December decrease of 0.5 percentage points as a result of broader consumer demand in connection with the Christmas holidays and the effect of a few other factors permitted the administration to announce that its primary goal had been attained in the fight against unemployment.

Now White House representatives are still saying that the execution of their economic program will guarantee real growth of 5.3 percent in the GNP in 1978, and this, in their opinion, will be enough to ensure the attainment of the short-range and long-range goals of the administration in the field of employment.

The course of the implementation of measures for the creation of new jobs in the public sector, however, attests to the presence of problems which can significantly reduce their impact and, thereby, make the attainment of the administration's objectives even more difficult.

For example, most of the jobs (more than 400,000) created in 1977 and the first 2 months of 1978 were part of the program for the creation of temporary jobs in the public service sphere. Due to the decentralized administration of this program, however, federal control over the compliance with the specified rules of the program has been considerably complicated. This leads to the violation of these rules and, as a rule, considerably diminishes the impact of the program. For example, many of the jobs financed by this program were actually not new vacancies, which is attested to by the "level of financial substitution." This is an indicator of the part of the program funds spent, which, as a result of the violation of program rules by local governments, has not been used to create new jobs, but to pay for work which should have been financed by local budgets. Available estimates indicate that the level of financial substitution was 40-50 percent during the first 19 year the program was in effect, and could subsequently rise to 60-90 percent. The reason for this is that local governments frequently institute special mass lay-offs of their own employees for the purpose of receiving additional subsidies, and then rehire these people after the subsidies have been received, charging their salaries to the federal budget.

When the Democrats took office, they worked out measures to lower the level of financial substitution, but their potential results were limited by the dramatic expansion of the program's scales. Increasing the number of financed jobs from 310,000 to 725,000 led to a rise in the rate at which new jobs were created (the "rate of absorption"), but this, in turn, made it difficult to oversee the fulfillment of the program and heightened the level of financial substitution. As a result, many of the 400,000 "new" jobs created in accordance with this program up to March 1978 were not really new vacancies.

The 6-billion-dollar local public works program, which was supposed to guarantee 450,000 new jobs for builders and workers in related fields, where the level of unemployment in 1976 was almost twice as high as the national average, has not justified the hopes of many unemployed persons either. Even official American appraisals of the results of the first series of projects, costing 2 billion dollars, were unsatisfactory. For example, according to the data of the Economic Development Administration of the U.S. Department of Commerce, which is responsible for the execution of this program, projects currently underway should have led to the hiring of around 400,000 persons in the beginning of 1977. In actuality, however, work was provided to less than 142,000 persons.<sup>20</sup>

Information received from the site of the local public works financed by the federal government testifies that this program is mainly being used not to increase employment in the construction industry, but to prevent lay-offs of the most qualified employees in connection with the deterioration of economic conditions. For example, only 10 percent of the persons working on these projects in the city of Baltimore were on the unemployment rolls when they were hired.

According to the latest information, total federal expenditures on employment regulation programs in 1978 will be much lower than expected. For example, due to the inability of some subcontractors to comply with set construction deadlines, expenditures on the local public works program will decrease by 300 million dollars. Delays in the state and local governments' use of federal funds for the creation of jobs in the public sector and for vocational training reduced these expenditures by 400 million dollars in 1978. All of this is making the attainment of the administration's announced goals in the sphere of employment difficult.

The Carter Administration had expected to turn its attention to the problem of "structural unemployment" as the general level of unemployment fell. In its opinion, it would be impossible to simultaneously solve all of the problems in the area of employment due to the danger of escalating inflation. The stabilization of unemployment in May-November 1977, however, when it amounted to around 7 percent, led to the postponement of this problem's resolution.

Besides this, the level of unemployment among black Americans rose by 1.1 percentage point during the first 8 months of 1977, to a height unprecedented in the postwar period--14.5 percent. Unemployment among black adolescents rose by 5.6 points--to 40.4 percent.<sup>21</sup> This increased the dissatisfaction of black and colored Americans and a number of labor unions with the administration's economic policy.

All of the foregoing signifies that the administration will hardly be likely to attain the goals it has set for the 1978-1980 period in the reduction of unemployment. According to the results of a mass poll of American economists, the rate of unemployment in 1978 will be no lower than 6 percent. Despite this gloomy prospect, however, the administration does not intend to increase the scales of its "active" employment regulation. In his economic message of 1978, J. Carter proposed only that the program for the creation of temporary jobs in the public sector be extended for another year. The major emphasis in the struggle to reduce unemployment to the level of "full employment" is still being laid on indirect methods. For example, in his special message on taxes, the President proposed that a number of additional measures be taken in 1978 to stimulate economic growth by means of taxes.<sup>22</sup>

According to the Democratic administration's plans, the expansion of programs for the creation of temporary jobs in the state sector in 1978 should provide around 700,000 more people with work. The inadequacy of these programs is completely obvious when this figure is compared with the number of unemployed persons, which exceeded 7.5 million when the programs were drawn up.

The reason for the limited scales of these programs can be found in the reluctance of monopolistic circles to permit the extensive use of active methods for reducing the reserve army of labor. After all, the existence of this army allows the capitalist class to appropriate an increasing share of national income by using unemployment as a tool for exerting constant pressure on the wages of workers.

When we assessed all of the changes in state-monopolistic employment regulation in recent years in the United States, we must note that the increasingly massive and chronic nature of unemployment has forced ruling circles to use active methods of influencing its level. The anticyclical programs for the creation of temporary jobs in the public sector are becoming a more or less permanent element of regulation policy. As Secretary of Labor R. Marshall stated, "in place of the almost exclusive reliance on fiscal and tax policy, we have made selective employment programs an important part of global economic policy. And I think that this is permanent."<sup>23</sup>

None of the programs instituted in the West to combat employment, however, can affect the socioeconomic basis of capitalist society. In general, employment regulations by the state are nothing more than half-measures of day-to-day regulation. This is the reason for its ineffectiveness, and there are no programs that can ensure the total resolution of the unemployment problem in the capitalist society.

#### FOOTNOTES

1. K. Marx and F. Engels, "Works," vol 23, p 647.
2. According to official doctrine, "full employment" is considered to be a labor market in which 4 percent of all workers (this only refers to people registered with labor exchanges) do not have jobs. In recent years, some bourgeois economists have tried to provide grounds for raising this level to 5-5.5 percent.
3. Calculated according to "Employment and Training Report of the President," Washington, 1976, p 211; "Statistics on Manpower," Washington, 1969.
4. In American statistics, these reasons include the deterioration of economic conditions, shortages of energy and raw materials, and repair work at enterprises.
5. "Proceedings of a Conference on Labor's Views on Manpower Policy," Washington, 1976, p 14.
6. EMPLOYMENT AND EARNINGS, July 1975, p 19; April 1977, p 19; December 1977, p 33.
7. For a more detailed discussion of the causes of the rising level of unemployment in the United States, see V. B. Supyan's article, "Trends in Unemployment in the 1970's," printed in No 3 of our journal for 1977-- Editor's note.
8. EMPLOYMENT AND EARNINGS, December 1977, p 33.

9. "Manpower Report of the President," Washington, 1975, pp 44-45.
10. THE NEW YORK TIMES, 11 March 1977, p D5.
11. U.S. NEWS AND WORLD REPORT, 23 May 1977, pp 96-98.
12. NATIONAL JOURNAL, 12 February 1977, p 246.
13. Ibid., 23 July 1977, pp 1158-1159.
14. Ibid.
15. FEDERAL RESERVE BULLETIN, July 1977, p 620.
16. NATIONAL JOURNAL, 12 February 1977, pp 250-251.
17. Ibid., 23 July 1977, p 1159.
18. "Message from the President of the United States. Transmitting Recommendations for Economic Recovery," Washington, 1977, p 8.
19. NATIONAL JOURNAL, 25 December 1976, pp 1795-1796.
20. Ibid., 12 February 1977, p 248.
21. THE NEW YORK TIMES, 4 September 1977.
22. For more detail, see the commentary by Yu. I. Bobrakov, "On the President's Messages to Congress," in No 4 of our journal for 1978--Editor's note.
23. NATIONAL JOURNAL, 10 September 1977, p 1409.

8588

CSO: 1803



## SOCIAL BACKGROUND OF LAWMAKERS

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 78  
pp 88-92

[Article by Ye. M. Silayeva]

[Text] An analysis of the social composition of the Senate and House of Representatives of the 95th Congress of the United States confirms the fact that most American legislators are representatives of the monopolistic bourgeoisie and its closely related professional strata (for example, attorneys).

The U.S. Senate has been called a "millionaires' club" for a long time. The seats in this chamber are occupied by members of the nation's richest families who have inherited huge fortunes, partners in large corporations, law firms and oil companies, including Senator H. Fong--multimillionaire from the State of Hawaii, whose money is invested in real estate, agriculture, insurance firms and construction companies, R. Byrd--member of a famous Virginia family with huge plantations and landed estates, J. Eastland--one of Mississippi's richest landowners, B. Goldwater--the owner of a chain of department stores, R. Long--oil magnate, J. McClellan--owner of a vast amount of real estate and a significant share of the stock of the Midwest Video Television Company, which broadcasts its programs from Arkansas to Mississippi, Missouri, New Mexico and other states, C. Percy--the head of Bell and Howell, a firm manufacturing movie cameras, prior to his election to the Senate, R. Taft, Jr.--the heir to a number of radio and television stations, to which he added amusement parks in Ohio.... The property of these and other senators goes beyond the million-dollar mark. The precise value of the property of each senator is unknown, but sometimes their annual income provides a basis for the indirect calculation of their enormous wealth. For example, Senator E. Kennedy pays income taxes on income of 500,000 dollars annually.

Several legislators are connected with the most influential families in America by blood relationship as well as business ties: For example, Senator Percy's daughter is married to a member of the Rockefeller family, and similar ties unite the families of the Kennedys, du Ponts and so forth.

According to rule 44 of the legislators' official code of behavior, each lawmaker must submit a detailed report on his property and income to the U.S. General Accounting Office. This information remains confidential for 7 years and can only be made public if the legislator is suspected of some kind of abuses and the House Rules Committee votes in favor of the disclosure of the material. This has never happened.

For this reason, one of the few sources of information on the social status of senators is the investigative research of the "political action group" headed by R. Nader. In June 1975 this group sent out questionnaires concerning the size of the property and income of each senator and his family. By March 1976, 59 senators had answered these questions. The others refused to provide information about themselves. Nader's co-workers independently gathered information on the financial status of another 19 senators. The group was unable, however, to obtain reliable information about 22 legislators who had refused to take part in the survey (including J. Stennis, M. Mansfield, E. Kennedy, J. Tower, S. Thurmond and others). For this reason, the data published by R. Nader<sup>1</sup> are quite incomplete.

It was established, however, that at least 21 senators were millionaires, and--let us repeat--this figure is obviously understated, since the group only had information on 78 senators. The remaining fortunes ranged from half a million to a million (four senators), from a quarter of a million to half a million (18 senators) or are less than a quarter of a million<sup>2</sup> but, in any case, exceed 50,000 dollars (30 senators). Only five senators--Democrats J. Abourezk, R. Clark, J. Durkin and G. Hart and Republican R. Packwood--"were worth" less than 50,000.<sup>3</sup>

A similar picture is seen in the House of Representatives, which makes the hypocrisy of bourgeois democracy even more apparent, since the members of this body, according to the Constitution, are supposed to be the direct representatives of the American people.

We know that in the earliest stages of the United States' existence, the House of Representatives was relatively the most democratic element in the federal machinery of public administration and, in particular, the only body whose members were elected by a direct vote. The founding fathers of the American State believed that this body would respond more than the Senate to the demands of the public (let us recall G. Washington's famous statement that the Senate should lower the pitch of public unrest and "cool off" the House of Representatives like a saucer cools off the hot tea overflowing the cup).

But the illusion of democratic principles is shattered by the very first look at the social, professional and ethnic composition of even this congressional body, the "eliteness" of which is acknowledged even by bourgeois analysts.

According to the Constitution, any U.S. citizen can be elected to the House of Representatives if he is at least 25 years old and resides in the state he represents. But the process of selection for the House of Representatives is actually quite rigid and it is far from true that any American can gain a seat in this chamber. Throughout U.S. history, social status, sex, race and educational level have served as filters which have strictly regulated the membership of the House.

With rare exceptions, the House of Representatives is made up of native white Americans from the privileged population groups, of the Protestant faith, with a higher education and belonging, according to the definition of American political scientists, to the "higher" and "middle" strata of American society. As we can see, the fears of the American State's founding fathers, who then believed that the direct election of these representatives would make the House unstable and vulnerable to the influence of the masses, were unfounded, since the composition of the House of Representatives has always been homogeneous in the social, professional and racial sense.

A specific understanding of the social status of the congressmen of the 1970's can be gained from the financial reports of these congressmen, which have been published in the CONGRESSIONAL QUARTERLY bulletin since the end of the 1960's.

In 1968 the House of Representatives adopted resolution HR 1099, in accordance with which an "official code of behavior" was established for legislators. The code obligated each member of the lower house to submit an annual report on all of his commercial transactions and operations which provided him with more than 1,000 dollars in income, on his ownership of stock valued at 5,000 or more in any company receiving federal contracts and subject to the control of federal regulatory bodies, and on other large sources of income. This law, however, left many loopholes for the concealment of the legislator's true income, but, after all, its goal was a quite modest one: To ensure that the stand taken by the congressmen during the discussion or adoption of particular bills did not reflect his own interest in personal enrichment. Even now, however, many legislators are carefully covering up the sources and size of their income: The congressmen submit extremely contradictory and far from complete information on this income. The materials printed in CONGRESSIONAL QUARTERLY are fragmentary, but, in any case, they are the only available data.

These data testify that more than two-thirds of the congressmen have close connections with business: They are either shareholders in private companies or receive direct compensation for their services to companies, although this patronage of the business community is inconsistent with their obligations as the "people's choice." Many congressmen exert direct influence on the federal government to ensure that it "regulates" business in the interest of the monopolies these congressmen are essentially representing, and guarantee that these companies receive the most profitable government contracts, primarily in the sphere of arms manufacture. At least 165 congressmen receive income from their stock in companies filling orders for the

federal government or subject to the control of federal regulatory bodies, while 47 congressmen own stock in the 100 companies included among the Department of Defense's largest subcontractors.

It is not rare for congressmen to have appointments to the precise committees which examine issues directly affecting their personal interests. For example, 83 congressmen said that they receive income from capital invested in banks, credit associations and insurance firms; 4 of these are members of the Committee on Banking, Finance and Urban Affairs and 9 are members of the Ways and Means Committee. It is these committees that prepare bills for the regulation of banking and determine the amount of taxes to be paid by banks, as well as credit and banking associations.

According to data published in the CONGRESSIONAL QUARTERLY in 1975, many congressmen received income from capital invested in the pharmaceutical industry, broadcasting companies, commercial firms and freight companies--that is, in various spheres of business subject to regulation by the federal government. Some congressmen receive income from real estate and many legislators are big capitalist farmers. These include R. Bergland, member of the House in the 94th Congress and presently the secretary of agriculture.

Therefore, data testify that the financial interests of the majority of congressmen are connected with big business. But they do not provide any idea of the true amount of personal property owned by the "average" congressman or each one individually (most of the legislators absolutely refuse to give out this kind of information). We know that the annual salary of each congressman is 57,500 dollars. This alone places congressmen in the wealthy category.

In contrast to the Senate, the House of Representatives does not have the reputation of being an obvious "millionaires' club," but even incomplete data for the 1973-1975 period indicate that 18 congressmen had property amounting to a million dollars, and in most cases they belong to the richest families in the nation.

For example, P. du Pont represents the renowned American family which controls the du Pont de Nemours chemical firm; the family of J. Heinz (he, just as P. du Pont, now occupies a seat in the Senate) owns large enterprises in the food industry; Congressman A. Bell's father founded the Bell Petroleum Company, etc.

Data on the professional careers of congressmen also confirm the fact that American legislators belong to the wealthy strata of society. Throughout U.S. history, the majority on Capitol Hill has always been held by lawyers. During the last 60 years, lawyers have constantly accounted for 50-60 percent of all congressmen (67 percent in the 94th Congress and 51 percent in the 95th).

American political scientists explain the prevalence of lawyers on all levels of public administration by the superiority of their professional training and the universal nature of this profession, but ignore the main factor--the close ties between representatives of this professional stratum and the business community. Quite frequently, the activities of the lawyer-congressman are difficult to distinguish from the usual paid services rendered by an attorney for his clients. Moreover, many of them retain their private practice after their election to Congress: According to CONGRESSIONAL QUARTERLY data, during the period from 1969 through 1977, 50-70 members of the House of Representatives continued their private practice in one form or another, retaining a partnership in the law firms with which they were connected prior to their arrival on Capitol Hill.<sup>4</sup>

The prestige and capabilities of this kind of lawyer-congressman attract rich clients and expand his law practice, which is formally illegal in some cases: Congressmen are prohibited from receiving compensation for services which might affect federal government activities. This forces these congressmen to search for "legal" forms of illegal activity--for example, the creation of "law firms within firms." Former Chairman E. Celler of the House Committee on the Judiciary, who was simultaneously a partner in a law firm, used precisely this method. For a time, his firm doubled, as it were, acquiring two name plates, one with his name and one without. This kind of division, even though it was purely formal, created a seemingly legal facade for the practice of the head of the committee, since it was believed that all cases connected with federal government activity were handled by the firm in which Seller did not participate nominally.

Another way of getting around this rule consists in a promise by the congressman (in the form of an agreement he signs with his firm) that he will not receive any income from aspects of the law practice which are connected with federal government activity. This agreement supposedly relieves the pressure of "special" interests on the congressman retaining his partnership in the firm. There have been cases, however, when the receipt of this kind of income was simply "held up" until the man left Congress, after which the former legislator received his full share of the proceeds.

The second place in Congress, after the lawyers, belongs to persons who were businessmen prior to their election. They account for 20-30 percent of the members of both congressional chambers. In the 94th Congress, there were around 140 members of the House (32 percent of the total) who had owned banks and firms or had a seat on the boards of various companies prior to their election to Congress; now they account for around 30 percent of all congressmen. For example, Congressman T. Roncallo founded the Cheyenne National Bank and headed the bank's board of directors, and later founded and headed the First National Bank in Gillette, Wyoming; J. Collins was simultaneously the president of the large Consolidated Industries and International Industries, the president of Fidelity Union Life Insurance and so forth.

The business activity of the congressmen covers a broad range, but the most prevalent business is banking: On the average, one out of every five congressmen is personally involved in the financial operations of banks in his state; around 90 percent are shareholders in banks or other credit associations.

Finally, the minority in Congress (20-30 percent) is represented by people in the intellectual professions. Many of them are the new type of business specialist--not only physicians, journalists and teachers, but also the organizers and administrators (and, frequently, the owners) of large concerns. This kind of "intellectual businessman" and large property owner has come into being in the bourgeois society in the second half of the 20th century. Here are some examples. Congressmen T. Morgan and L. McDonald own private medical clinics. B. Shuster is the vice president of the Radio Corporation of America, J. Quillen is a journalist who founded the Kingsport Mirror newspaper (he was its editor-in-chief before coming to the House), M. Lloyd is the co-owner of a broadcasting firm in Tennessee, etc. Although they are formally regarded as specialists in the sphere of intellectual labor, they essentially belong to the grand bourgeoisie.

While the proportion of lawyers and businessmen on Capitol Hill remains stable, the percentage accounted for by representatives of other professions changes, sometimes as a result of political and economic developments. The political struggle over medical care has led to the election of physicians to the House; the percentage accounted for by representatives of large-scale farming depends on the state of affairs in agriculture.

In all, only 2-3 percent of all congressmen represent professions which are not considered prestigious. These include labor union officials who began their careers as skilled workers. In the 95th Congress, an attempt was made to create a group in the House of Representatives which would unite the congressmen with a "workers' past" under the impressive title of the "workers' caucus." The 11 members of this caucus were a former bartender, a heavyweight boxer, a printer, a glazier, an electrician, a riverboat captain.... Most of the congressmen in the caucus, however, only held unprestigious jobs during the first stages of their business and political careers and then switched to politics after being elected to positions in municipal government, school district boards, etc.

Industrial workers, the agricultural proletariat, low-paid white-collar workers and workers in the service sphere are not represented in the House at all.

The past career of each congressman, just as his political education, serves as a reliable guarantee of his devoted service to dominant class interests. The list of the congressmen's former official positions includes those of mayor, member of the city or county board of supervisors, judge, member of the state legislative assembly, treasurer, etc.

One of Congress' characteristic features is its racial homogeneity. American laws are passed by white legislators. There is only one black American in the Senate--Senator E. Brooke from Massachusetts--and only a small group of black legislators in the House of Representatives (16 in the 95th Congress).

Black congressmen and women (18 in the House of Representatives) have created their own associations, or caucuses. The black caucus was formed in 1971 and is the most stable of the new organizations, with an established structure and method of political activity.

Most of the black congressmen come from wealthy families. They have had a higher education in law. Prior to their election, they were active in politics. For example, R. Dellums was a member of the Berkeley City Council and worked on the Economic Opportunity Council of San Francisco; R. Metcalfe was a Chicago city councilman and the leader of the black officials in the political machine of that city; P. Mitchell was a teacher, the associate director of a research center on urban problems and the member of a committee on interracial relations. All of the black congressmen are Democrats, represent districts with a predominantly black population and many were involved in the civil rights movement.

The black caucus in the House has close ties with the women's caucus, since several legislators belong to both. These are S. Chisholm, B. Jordan, Y. Burke and C. Collins. The women's caucus consists primarily of Democrats leaning toward the party's liberal wing, and they actively support broader federal assistance in public education, social security and economic regulation.

On the whole, however, the black legislators, just as the women, represent a clearly uncharacteristic phenomenon in an authoritative body characterized by social and racial homogeneity.

The professional, social and racial composition of Congress therefore testifies that the existing system of social selection guarantees access to the highest body in the legislative branch only to representatives of the dominant class. This essentially signifies the formation of a caste of bourgeois politicians, defending not only the bases of capitalist society as a whole, but also the interests of specific monopolistic groups and their own financial and social interests, which, in many cases, coincide completely with the interests of the largest corporations.

#### FOOTNOTES

1. PARADE, 23 May 1976.
2. These senators include, in particular, the notorious H. Jackson. Although Nader's data indicate that his personal worth does not exceed 250,000 dollars, he also receives a solid additional income from lecture fees. According to the data of the CONGRESSIONAL QUARTERLY

research service, in 1974 Senator Jackson received higher fees from pro-Israeli lobbies than any other senator.

3. For more detailed information on the Senate, see the report in issue No. 10 of our journal for 1973. In this article the author has concentrated on the House of Representatives of the U.S. Congress--Editor's note.
4. They include C. Vanik, the co-author of the ill-reputed Jackson-Vanik Amendment, which has held up the development of Soviet-American trade relations. According to the information of the CONGRESSIONAL QUARTERLY research service, C. Vanik has constantly engaged in this kind of private law practice during his entire congressional career.

8588

CSO: 1803



THE 'GRAMMAR OF POWER' EXPOUNDED BY 'FORTUNE' MAGAZINE

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 78  
pp 93-96

[Article by N. G. Zyablyuk]

[Text] "Just a few blocks from the White House, in Room 811 of one of Washington's least memorable office buildings, this conversation is going on between two men, one of whom is holding a list of congressmen in his hand:

"Henry Gonzalez of San Antonio.... Let's ask Sears about Gonzalez....

"Delaney of Long Island.... Bristol-Myers is close to Delaney, let Bill Greif handle that....

"Steed of Oklahoma.... Maybe Phillips should call him...ask the chamber of commerce.

"Gaydos of Pennsylvania...ask Alcoa.... Hatfield of Continental could do it but I hate to ask him....

"Marks of Pennsylvania...ask Ferguson of General Foods to call Kirby of Westinghouse about Marks....

"Gore of Tennessee.... Ask Lloyd Hand of TRW."

This scene from real life begins an article entitled "Business Is Learning How To Win in Washington" in this year's March issue of FORTUNE magazine.<sup>1</sup> Gonzales, Delaney, Steed, Gaydos, Marks and Gore are members of the House of Representatives. Sears, Bristol-Myers, Phillips, Alcoa, Continental, General Foods, Westinghouse and TRW are large American corporations in such fields as radioelectronics and instrument making, pharmaceuticals and the food industry, nonferrous metallurgy and trade.... Greif, Hatfield, Ferguson, Kirby and Hand are the corporations' administrative officials or chief lobbyists. The men having the conversation, which resembles, in the magazine's words, a "lesson in the grammar of power," are members of the staff of the powerful Business Roundtable (BRT). The reason for the conversation

was the bill proposing the creation of a federal agency for consumer protection, which was up for a vote in the House of Representatives at that time. And the men from the BRT did not troubled themselves in vain: The bill was defeated in the House, despite the support of the administration and a broad coalition of consumerists.

"The unexpected demolition of the consumer-protection bill," FORTUNE remarks, "stands as only one episode among many in support of the fact...that the business community has become the most effective special-interest lobby in the country. Suddenly, business seems to possess all the primary instruments of power--the leadership, the strategy, the supporting troops, the campaign money--and a new will to use them. On every major issue--energy, taxation, unemployment, labor relations, antitrust, foreign trade--business is taking risks, speaking out, and getting results. Acknowledgment of the new vigor comes from every quarter."

In making this "arresting political proposition" (we are quoting FORTUNE), the magazine is naturally straying somewhat from the truth. First of all, the defeat of this bill could hardly be called unexpected.<sup>2</sup> Furthermore, big business lobbies have not suddenly become "the most effective" of all "pressure groups" in Congress, but have always had this title (the fact that this was not advertised in the bourgeois press is quite a different matter). And, finally, business has not in any sense suddenly acquired "all the primary instruments of power." Strictly speaking, it has always possessed them.

The magazine's admission, however, is noteworthy in itself, since the apologists of big business have only allowed themselves to speak this frankly about the omnipotence of the monopolies in rare cases. Usually this activity is left in deep obscurity. And if the spokesman of the business community has departed from this tradition of silence, what were its grounds for doing this? And in what does the "new vigor," mentioned in the magazine, consists?

The business community's magazine sees the open involvement of the pillars of the business establishment in the process of direct pressure on institutions of authority as something "new" in politics. At the beginning of the 1970's, when business perceived that some domestic political events were not completely to its liking (in the magazine's words, consumerist Nader was winning "victory after victory" and the corporations were "saddled" with price controls), a group of heads of large monopolies, including J. Harper of the Goodyear Tire and Rubber Company, R. Blough of U.S. Steel and F. Borch of General Electric, came up with the idea of creating a new instrument to assist in the lobbying activities of business. From that time on, this activity was to be controlled personally by the leaders of the business world. The idea was supported by A. Burns, then chairman of the Federal Reserve System, and Secretary of the Treasury J. Connally, and it rapidly took organizational form: The abovementioned Business Roundtable was formed in 1972. Its membership now numbers around 200 chief executives of the largest American corporations.

The BRT has three co-chairmen. They are the chairman of the boards of du Pont de Nemours--I. Shapiro, General Electric--R. Jones, and General Motors--T. Murphy. Today, the magazine reports, Shapiro, Jones and some of the others "can and do practice the politics of persuasion" on the highest levels of government; in particular, they "frequently meet with the President." Incidentally, THE NEW YORK TIMES, also noting that the executives of the BRT are quite close to the President, makes a more definite statement on these meetings: "Actually big business is getting more favorable attention now from the Democrat Carter than it did in the past from the Republicans Nixon and Ford, and some leaders of the business establishment are saying that they can deal with Carter better than with his predecessors.... Shapiro and Jones are the two people with the greatest influence on Carter."<sup>3</sup>

The administration discusses many of its proposed candidates for high-level appointments in federal agencies with BRT leaders. For example, the President conferred with Shapiro and Jones before he appointed W. Miller the new chairman of the Federal Reserve System.

The members of the BRT are divided into special groups: Each analyzes a specific group of problems and works out proposals which are then brought to the attention of the administration, Congress and regulative agencies. The chief executives of the BRT maintain constant contact with Secretary of the Treasury M. Blumenthal, Secretary of Commerce J. Kreps and Energy Secretary J. Schlesinger. "When they go hunting on the Hill," the magazine goes on, "they meet where power concentrates: in the offices of House Speaker T. O'Neill, Ways and Means Chairman A. Ullman and Chairman R. Long of the Senate's Finance Committee."

FORTUNE notes the intensification of the lobbying activity of other businessmen's alliances which have been in existence for a long time. The U.S. Chamber of Commerce and the National Association of Manufacturers (NAM) have increased their lobbying staffs; the latter "perpetually cruise Capitol Hill and the regulatory bodies, tracking legislation and rules through a thousand drafts in a thousand drafty offices."

The intensification of the monopolies' lobbying activity is connected, according to the magazine, with the present fragmentation of power in Congress. Once the preserve of a few powerful committee chairmen and party leaders, Congress today, according to FORTUNE, has turned into a "pluralistic collection of independents and mavericks," many knowing no party loyalty. The place of the old regional blocs has been taken by assemblies of various groups of congressmen, or caucuses: the steel and coal caucuses, the environmental and urban caucuses, the black caucus and others, the members of which periodically form "shifting alliances" depending on the specific situation and the issues being discussed. According to the NAM's chief lobbyist F. Rettgers, "today on the Hill there are no permanent friends and no permanent enemies. There are only permanent interests."

The magazine, however, is too quick in disregarding the influence of the regional blocs, since, for instance, the coalition of Southern Democrats and Republicans (although it is not as monolithic as in the past) still exists and has a significant influence on the legislative process. And the list of caucuses presented above also cannot be accepted without serious corrections, as the small group of black congressmen and, on the other hand, the caucuses of the advocates of the steel or coal industries are far from identical associations in terms of their goals and their potential for defending the interests concerning them. It is true that, in themselves, these caucuses--whether they are more or less organized or whether they do not take organizational form at all but do actually exist--represent a phenomenon which, even if it is not completely new, is indisputably more noticeable today. To a certain degree, this phenomenon reflects processes occurring in Congress in connection with the weakening of the previously virtually unlimited power of the committee chairmen and the intensification of the problems in legislative activity. But this is not the most significant reason for the appearance of the "new vigor," borrowing FORTUNE's term.

Business, as the magazine frankly admits further on, is using all of its power to mobilize support for its spokesmen in the electoral districts where what FORTUNE calls "permanent interests" are "formed."

The leading businessmen's alliances are particularly active in the districts. The U.S. Chamber of Commerce has formed 2,300 "congressional action committees." Each is made up of around 30 businessmen who personally know "their" congressmen and senators and have helped to elect them; after the elections, these same businessmen are charged with keeping in touch with these legislators. The NAM is not only urging local businessmen to "put the heat on congressmen," but also encouraging companies to enlist their employees to do the same. The American Bankers Association has identified two or three bankers in every district who know "their" congressmen and can "remind" them at the proper time of the need to take the proper action. When necessary, the association can also appeal to the presidents of its 13,000 member banks, requesting them to "intervene" in the legislative process, exert pressure on the administration, etc.

The magazine notes that the method of creating "temporary coalitions" is being used more frequently in the lobbying activity of business. One of these, the "Consumer Issues Working Group," brought together around 400 separate business and other organizations; it was precisely this coalition that engineered the defeat of the bill on the consumer-protection agency. Under pressure by another (made up of more than 100 organizations), the bill on the picketing of construction sites,<sup>4</sup> being pushed for by labor, was buried. The Humphrey-Hawkins bill "On Full Employment," which envisaged the reduction of unemployment among adults to 3 percent by 1981 in its original version, has still not even reached a plenary session of either of the two congressional houses, but big business, as its opponent, has taken so much out of the articles with which it is displeased, that R. Leshner, president of the U.S. Chamber of Commerce, calls this bill a

"toothless alligator." The coalition called "The National Action Committee on Labor Law Reform" is successfully lobbying against a bill proposing changes in the procedures for the conclusion of collective bargains between labor and management.

These examples provide eloquent testimony that the tactic of creating coalitions is being used by big business as an active method of class struggle whenever a particular bill threatens to have the slightest effect on its common interests. When this happens, all possible differences in the views of separate business groups are relegated to a position of secondary importance.

The situation is different in those cases when the narrow economic interests of separate monopolies or branches conflict over a particular bill. The accepted practice in these cases is compromise, the coordination of views and "lobbyism by means of cooperation" with federal agencies. One example of this is the attitude toward the administration's energy program. Although the interests of big producers and big consumers of energy, as the magazine remarks, obviously differ, both were "threatened" by the original variant of the program, which they felt put "far too much emphasis" on energy conservation. A BRT task force headed by R. Adam of NL Industries drew up a detailed policy that took all of the differences in interest into account in such a way that it has been supported by virtually every "segment of business." Similar actions were taken with regard to the President's taxation program: Although there were "differing or even conflicting opinions" in the business community in regard to this program, business as a whole favored Carter's proposed reduction in corporate tax rates and unanimously opposed the taxation of unrepatriated foreign earnings. As head of the Roundtable's task force on this issue, R. Jones worked in both directions simultaneously: He has done everything possible to "shoot down" the proposed tax "reform," but has made an active search for "areas of agreement" between business and the President on the first part of the program. When FORTUNE printed this article, the program was still only beginning its trip to Congress, but Jones, Shapiro and Murphy were already announcing "good news," which they deduced from the "long and fair" hearings the organization has received from the administration on taxes.

This article in FORTUNE is further proof of the fact that the lobbyism of big business has now become more varied from the standpoint of organizational forms, is using more energetic but more subtle methods of pressure and, mainly, it, as a whole, will indisputably grow stronger as the "regulating role" of the government also grows stronger in various spheres of life in American society.

#### FOOTNOTES

1. FORTUNE, 27 March 1978, pp 53-58.

2. Bills proposing the creation of a consumer-protection agency have been examined in Congress for several years in a row, but big business has always caused the defeat of these bills. For more detail, see SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, No 12, 1975, pp 27-38.
3. THE NEW YORK TIMES, 5 February 1978.
4. This bill concerns the recognition of the right of labor unions to picket constructions sites where the work is being performed by several different firms; at present this kind of picketing is called illegal, since it can allegedly "harm" the interests of companies which are not the immediate target of the workers' demonstrations.

8588

CSO: 1803

POWER, INC.

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 78  
pp 97-106

[Conclusion of Russian translation of chapters from the book "Power, Inc."  
by Morton Mintz and Jerry S. Cohen, Viking Press, 1976]

[Not translated by JPRS]

CSO: 1803

OPTICAL ELECTRONICS--NEW DEVELOPMENT IN THE ELECTRONICS FIELD

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 78  
pp 107-115

[Article by A. S. Konson and L. P. Belyayeva]

[Not translated by JPRS]

CSO: 1803



## ORGANIZATIONAL STRUCTURES OF BIG CONSTRUCTION FIRMS

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 78  
pp 116-120

[Article by O. P. Vasil'yeva]

[Text] The nature of the activities of the large American contracting firms has changed under the influence of technological progress in construction and the intensification of the processes of production concentration, specialization and combination. Since the 1960's, most of them have declined contracts involving only the construction of facilities. The majority of large contracting firms presently also serves in the construction market as project planning organizations and consultative agencies on matters connected with the planning, management and execution of construction work. They also act as suppliers of construction materials and equipment, part or all of which has been manufactured by them as well. This change in the role and functions of contracting firms has been reflected in changes in their organizational structure.

First we should mention a few facts about concentration in this branch. In the United States, 400 large contracting firms, which represent less than 1 percent of the total number of U.S. firms of this kind, perform more than 60 percent of all new construction work. According to data for 1976, large contracting construction firms can be classified in the following manner on the basis of their contracted volume: 209 concluded contracts for a sum of up to 50 million dollars each, 96 firms had contracts totaling from 50 million to 100 million dollars, 47 had contracts from 100 million to 250 million, 28 had contracts from 250 million to 500 million and 20 firms each concluded contracts worth more than 500 million dollars.<sup>1</sup>

Since the end of the 1950's the large contracting firms have embarked on a course of production combination, integration and diversification. The development of these processes, as forms of production concentration, was affected by the development of management science, the extensive use of electronic computers in company practices, the desire to reduce the risk involved in the construction of facilities, an attempt to gain a stronger position in the construction market and so forth.

---

1. ENGINEERING NEWS RECORD, vol 198, No 15, 1977, pp 66-75.

The process by which combines are formed in the United States is somewhat different from the Soviet process. Our high level of industrialization in the construction industry and the planned and proportional development of our national economy have led to the development of house-building, plant-building and rural construction combines, and the production of structures and their assembly and finishing have been united in a single technological process.

In the United States, general contractors perform all of the work connected with the design and manufacture of structures and their assembly on the construction site. The finishing work is performed by specialized firms in accordance with direct or subcontracted agreements. The general contracting firms include such famous companies as the Butler Manufacturing Company, which specializes in the panel-construction of buildings, or the Mitchell Engineering Company, which builds light-weight structures, and so forth. At a time of difficult economic conditions, however, the companies have to perform additional work which is not connected with the unified technological process. They supply the market with structures, fill subcontracted orders, when operational volumes are minimal, for the installation of structures produced in their plants (this disrupts the unified technological process aimed at the output of the finished product), etc.

Now that there are significant fluctuations in the construction market, most of the large contracting firms have embarked on production integration--that is, on the formation of associations. The final product of these subdivisions represents a part of the entire technological cycle. This means that the production subdivisions can be made up of organizations of the plant type for the manufacture of technological, sanitary engineering and lighting equipment and so forth.

The desire for continuous expansion and for greater elasticity in relation to the market has greatly increased diversification--that is, the departure of large contracting firms from activities directly connected only with the construction of facilities. In several cases, non-construction work represents more than 50 percent of the total operational volume. For example, this is true of the Dravo Corporation, the management of which nonetheless continues to call the company a construction firm. In terms of operational volume, it is one of the 400 largest firms.

As we have already noted, the large contracting companies are made up of project planning divisions (or branch establishments), research laboratories or even institutes, and a developed material and technical base. They are equipped with a complete inventory of modern construction machinery, maintain dealerships for the hire and rental of equipment and repair shops for technical maintenance and minor repairs.

Therefore, new types of construction firms have come into being. These include project planning construction companies which perform the entire complex of operations, working out the technical and economic specifications, taking care of the actual drafting work, including the design of

technological lines and equipment, performing the actual construction work, beginning operations, training personnel for the enterprises being built, starting up and adjusting equipment, comparing actual production indicators with planning data and performing minor repairs.

Another distinctive feature of these firms is the fact that they investigate the possibilities for new production technology, design technological lines and equipment and make comparisons based on the achievements of international practice. For example, the Loomis Company, which specializes in the construction of chemical and petrochemical enterprises and was one of the ten largest construction firms in the United States in 1976, performed the following types of work at its client's request: working out the technical and economic specifications for the project, planning and perfecting technological processes and equipment, performing the actual drafting operations, managing construction and installation work, and assembling, starting up and adjusting equipment. Besides this, it trains operational personnel, compares actual production indicators with planning data and so forth.

The company has its own technical center and experimental research center for the elaboration of technological processes and equipment. The latter center, in particular, analyzes new ideas, collects data and makes preliminary estimates of the economic effect of each new technological process. If the preliminary data indicate a possible reduction of at least 15 percent in construction costs, experimental studies are conducted and the technology of the process (and equipment) is perfected prior to its practical use. It should also be noted that when large facilities are being constructed, a chief technological engineer is appointed and he bears total responsibility for the choice of the correct basic parameters of production and equipment.

Electronic computers are used extensively by companies in the development of technological processes and equipment. For example, Parsons-Jurdens, a branch of the Ralph M. Parsons Company which specializes in the construction of mining and metallurgical facilities, uses computers to determine the best process of ore concentration, the strength of material in pipes and so forth.

In the field of housing construction, firms now exist which perform the entire complex of operations involved in building up new cities and urban neighborhoods, including the preparation of construction sites and the planning and erection of residential buildings, shopping centers and service enterprises. Some of these companies have their own insurance divisions, divisions for the manufacture of furniture and carpeting, etc. Therefore, the introduction of marketing methods into the practices of construction firms has changed their organizational structure and has particularly taken the form of the creation of marketing divisions, the activities of which are aimed at the more thorough study of marketing factors. The administrative staffs of firms now include vice presidents in charge of marketing. The organizational structure of the firms has become even more complex in connection with the expansion of the functions of sales divisions.<sup>2</sup>

2. PROCEEDING JOURNAL OF CONSTRUCTION DIVISION, vol 101, No 103, 1975, pp 647-659.

The present structure of the construction company depends on its operational volume, the territorial distribution of its subdivisions and the degree of centralization or decentralization in management. Despite the great variety of organizational structures, we can say that the organizational structure of a company is determined by its territorial and sectorial characteristics. An administrative structure consisting of three levels is typical of the majority of large contracting firms: the head office, the regional division and the local office. According to our calculations, the operational volume of the division can reach 160 million dollars while that of the local office does not exceed 25 million dollars.

The dramatic growth of the operational volumes of most large firms, their evolution into national and transnational companies, the change in the nature of their activity and the development of technical administrative media have led to a situation in which the head office, which was once a body responsible for the direct management of construction workers, has become a body coordinating the activities of the subdivisions making it up, determining firm policy and strategy and making long-range plans for the development of the firm as a whole and its subdivisions. It is precisely the head office which maintains strict financial control over the activities of the operationally independent subdivisions. For this reason, the head offices contain a number of centralized departments for bookkeeping and financial operations, the compilation of long-range plans, the machine processing of data, the organization of material and technical supply operations, etc. Besides this, the presence of some departments is a production necessity--for example, departments concerned with production, estimates and contracts and a number of specific departments such as those concerned with advertising, industrial relations, marketing, etc.

The functional departments of the head office (estimate, contract, planning, quality control and others) assist and advise the personnel of firm subdivisions when necessary and draw up the planning and estimate documents for large projects (the term large usually signifies projects costing more than 5 million dollars). The firm's head office is also concerned with the training and advanced training of engineering and technical personnel and workers.

The firm's divisions are responsible for turning over all facilities to clients in strict accordance with schedules and quality requirements and for upholding the firm's reputation. The divisions are operationally independent, they prepare the documents or transactions, conclude agreements with clients, subcontractors and suppliers and draft the long-range plans for their own development.

An analysis of special literature provides grounds for the conclusion that a linear functional administrative structure is typical of most large contracting firms, although there has been some transition to project-centered structures. This transition has largely been necessitated by the comprehensive approach to the construction of facilities, in which case the

planning, construction and start-up of facilities are regarded as elements of the unified "construction" system.

The slow rate at which production is concentrated and capital is centralized in the construction firms in comparison with industrial firms have had some effect on the theory of construction firm management. Some American experts have pointed out the fact that fundamental works on construction management were only published sporadically in the United States until the mid-1960's. During the last decade the situation has changed somewhat. A comprehensive approach is now taken in the construction industry to the examination of the process by which fixed assets are created and function, but the systemic approach and systems analysis have virtually remained uninvestigated, although this would reflect the specific features of construction.

The peculiarities of construction as a branch of physical production, the nature of its final product, the influence of climatic conditions and so forth have had a certain effect on the project-centered structures used in this industry. When the transition is made to these structures in the construction industry, it is not only the organizational structure of the firm that changes, but also its interrelations with other parties involved in construction--that is, clients and suppliers.

When direct or general agreements are concluded, the client hires an engineer or architect depending on the sectorial designation of the facility. He works out the blueprints and specifications and participates directly in the bidding for a contract. Around 2-4 weeks before the bidding, newspapers and specialized trade journals publish announcements stating the nature of the future facility, the construction site, the dates and methods for submitting bids, the proposed date for the beginning of the project, the number of interim payments, etc. Contracting firms receive the blueprints and specifications of the future facility by an established procedure and, on this basis, estimate the cost of the entire project. At the bidding session, the architect or planning engineer examines the estimates of contracting firms, considers the modifications they have suggested and studies their proposals and data on specified construction deadlines. After this, following the architect's or planning engineer's advice, the client signs a contract (or agreement) with the contracting firm which has submitted the lowest bid or has offered to complete the project in the shortest period of time. The bidding can be limited to a particular group of contracting firms.

In recent years, much of the operational volume of large companies has been connected with contracts which have not resulted from the bidding process, but from agreements. Contracts of this kind can be concluded in those cases when the client wants the work to be performed by a specific contractor, when the nature of construction does not permit the preparation of detailed blueprints and specifications prior to the beginning of the construction process, or when changes might be made during the course of the project.

When a general contract is concluded by the client and the construction firm, the latter then concludes subcontracting agreements with firms specializing in specific types of work and with suppliers. In most cases, the general contracting firm concludes subcontracting agreements with the firms with which it has worked in the past. But it is also possible that the company will conclude a subcontracting agreement with a specialized firm at the client's request. In this case, it is responsible for the result of the work performed by the subcontracting firm which it has chosen.

The growing complexity of the construction process, the instability of the construction market and the increased risk resulting from the longer duration of construction work--all of this has led to the development of a new type of agreement: the package deal. In this type of agreement, the contractor takes on the responsibility of working out the technological, architectural and design parts of the plan, the start-up and adjustment of equipment, the training of personnel and so forth. In this way, the functions of the general contractor, the project planner and, in part, the board of directors of the enterprise being built are combined. According to some experts, this kind of package deal is most effective when the client has a minimum of information about the future enterprise and when the time factor is of major importance.

Package deals have a number of advantages over direct and general contracting agreements. These include the possibility of combining the planning and construction stages to a greater extent, which can reduce the total amount of time required for these processes; the more thorough consideration of local conditions and the capabilities of construction firms, etc.

The further development of the system of general contracting will unite the functions of the client, project planner and main contractor in the form of a project planning and construction firm or construction firm which will take on the function of managing the project.

Project planning administrative structures are becoming increasingly prevalent in construction. These are called "project management." The transition to this kind of structure is accompanied by the appearance of a new participant in the construction process--the project (or contract) administrator. According to R. Clough, one of the American experts in this field, there are two possible types of relations between the client and the firm taking on the functions of the project administrator. In the first case the company acts as the client's agent. It chooses firms and concludes agreements on behalf of the client and can perform up to 15 percent of all of the work on its own. In the second case the company (as the project administrator) retains its independent status; it acts independently and takes complete responsibility for these actions. In our opinion, this is the reason for the second characteristic feature of the use of project-centered structures in construction, which consists primarily in the fact that the company in charge of project administration has the choice of not performing any of the construction work on its own.

The client chooses the project administrator during the stage when design specifications are being worked out. Its functions include the determination of the client's requirements, the choice of project planners and consultants, the preparation of documents and conclusion of agreements with project planning and contracting firms and suppliers, the planning of the operational sequence, control over the cost and quality of the facility being built, the final step of turning over the facility to the client, etc. The project administrator, therefore, bears total responsibility for the completion of all work and is invested with the necessary authority.

In the U.S. construction industry, project administration is conventionally distinguished from construction management, even though the latter is part of project administration. The construction manager is chosen by the project administrator. He advises designers, oversees the completion of drafting work on schedule, considers all possible variants within the limits of the estimate and analyzes their effect on the duration and cost of the construction process, coordinates the activities of all firms participating in the project, oversees material supply and ensures that work on the construction site is completed on schedule and in accordance with quality requirements.

American experts have noted that the transition to the performance of all work under the supervision of the project administrator and the construction manager aids in the more thorough consideration of suppliers' requirements, local construction conditions and the possibility for organizing the activities of contracting firms. The institution of stricter control over the activities of persons involved in the construction process (the number can exceed 100 in the case of large projects) makes it possible to combine the stages of project planning and construction. With this kind of administrative system, work on the construction site begins when the plan is only 30-percent worked out. This reduces the total amount of time required for the design and construction of facilities by 33 percent or more in comparison to the traditional operational sequence. As an example, let us consider the construction of the Stony Brook University complex (New York). According to plan, the design and construction processes should have taken 3.5 years and the cost should have been 12 million dollars. The performance of the work under the supervision of a project administrator and construction manager reduced the duration of the design and construction processes by up to 9 months through the combination of these two stages.<sup>3</sup>

American experts believe that the future in the U.S. construction industry belongs to large project planning construction firms with their own material and technical facilities and with the ability to perform the entire complex of construction operations. The project-centered structure of firm subdivisions should be developed further.

8588

CSO: 1803

---

3. HARVARD BUSINESS REVIEW, vol 51, No 2, 1973, p 90.

## BOOK REVIEWS

### Economic Interdependence of Industrial States

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 78  
pp 121-123

[Review by A. M. Sutulin of the book "Economic Foreign Policies of Industrial States" edited by Wilfrid L. Kohl, Lexington Books, 1977, 250 pages]

[Text] The internationalization of economic life, the technological revolution and a number of other major factors of world development have greatly heightened the significance of the foreign economic ties of different countries. This alone attaches topical significance to the book "Economic Foreign Policies of Industrial States" edited by Wilfrid L. Kohl, professor at Johns Hopkins University. Employing the terminology of bourgeois science, he notes in the foreword that the gradual disappearance of the "bipolar confrontation" of the cold war era and the process of detente, which have diminished the "priority of traditional questions of security," the expansion of international trade and overseas investments and the "spreading of the fabric" of the economic interdependence of states--all of this has caused economic issues to play a more important role in foreign policy in the 1970's. Another fact attracting attention to the work is that the majority of its authors have had "political experience" as officials or advisers in the governments of main capitalist states (and it is only the policies of these states that are discussed).

One of these, Harold B. Malmgren, was formerly the assistant of the special American representative in trade negotiations.

Malmgren describes the unprecedented conflict of interest between various forces in society, which has left an indelible mark on the entire practice of making and implementing U.S. foreign economic policy. These include conflicts between the United States and other nations, between the internal needs of the United States and its external goals, between various monopolistic groups, between the legislative and executive branches, between government agencies, between management and labor and, finally, disagreements in the circles closest to the President.



In this situation it is not surprising that the implementation of the results of the "Kennedy round" (1964-1967) of international trade negotiations under the auspices of the GATT, where the U.S. delegation had the floor, proceeding from the American trade expansion act of 1962, was accompanied by savage counterattacks by protectionists, who demanded what was essentially a departure from the government's course aimed at the "liberalization of trade" (p 38). It is also not surprising that since the late 1960's and the early 1970's, when three main centers of imperialist rivalry took shape, and particularly in connection with the world economic crisis of the mid-1970's, the tendency toward protectionism and its fight against "liberalization" grew strong once more in the United States and in other Western countries, and the latest stage in the GATT members' negotiations on the lowering of trade barriers (the "Tokyo round") has been going on for almost 5 years now (since September 1973) and still has not produced any significant results.

The main watershed in these talks, just as in previous negotiations, is, understandably, found along the U.S.-EEC-Japan line. Moreover, as some Western Europeans feel--for example, English Professor J. Denton and Belgian economist T. Peters--there are only two main participants in the "Tokyo round"--the United States and the EEC--while Japan is acting in the capacity of the "main outsider" (p 197). The reader is presented (pp 197-206) with a unique resume of numerous complex and multifaceted issues and conflicts which have divided the rivals since the very beginning and have still not been completely resolved, although only a short time remains before the U.S. President's period of competency runs out (1 January 1979) in accordance with the trade act of 1974.<sup>1</sup> The matter has also been complicated by differences of opinion among the EEC "nine" and the tense relations between the West and the developing states.

In the past, the authors note, the United States could "ignore the world" in its own domestic economic policy and act in a onesided manner, since its economy--its resources, the size of the domestic market and its technical and technological base--provided for a high degree of self-sufficiency. In combination with the privileged international position of the dollar, this permitted it to disregard the interconnection between foreign and domestic economics. This was also fostered, according to the authors, by such American traditions as economic isolationism and the philosophy of laissez-faire (nonintervention by the state in economic life).

By the 1970's the situation had changed radically. The proportion accounted for by imports in the GNP was more than twice as high as before the war, the volume of overseas capital investments was 15-20 times as great and the income from these investments had increased dramatically (p 22). Many other facts and factors of the American economy's growing dependence on the external world are well known, and this was not only a dependence on its competitors--Western Europe and Japan--but also on the former colonial "periphery" of

---

1. This is in reference to the signing of agreements by GATT members on mutual concessions in import regulations.

all worldwide imperialism. The increased economic interdependence, the conflict between domestic and foreign objectives and the changing "structure of the world economy"--all of this taken together, the authors admit, has given rise to confusion and "uncertainty about the future" of the United States.

The radical change in international conditions was accompanied by the restriction of the United States' foreign economic possibilities in general and the possibility of choosing its own policy in this sphere in particular. In the past, according to the authors, Washington constantly permitted itself to violate its self-proclaimed "economic ideology." For example, the principles of private enterprise and laissez-faire were undermined by protectionist measures, rigid restrictions on imports of agricultural goods, the subsidization of exporters and the fiscal stimulation of overseas activity by American business. The principle of nondiscrimination was violated by the practice of discrimination (on the basis of "ideological motives") against the USSR, Cuba and other "unfriendly nations." The appeals for "just trade" voiced from the congressional rostrum actually signified demands for unbalanced concessions in favor of the United States, as had already been the case from 1968 through 1974. The reciprocity, which was closely linked with nondiscrimination and "equal distribution of the burden," was openly interpreted as the United States' right to receive economic concessions in exchange for political and military "services." An example of this can be found in Henry Kissinger's "New Atlantic Charter" of 1973 (p 27). Even in those cases when the standards governing the actions of international bodies, worked out by Washington itself, theoretically prohibited unilateral action by any particular state--that is, arbitrary actions committed without the agreement of other nations--the United States "from time to time" committed such actions (pp 36-37).

The United States' ability to disregard the interests of the world economy, however, is being quickly restricted with the growth of economic interdependence. Washington can no longer ignore these interests, even when it is domestic policy that is being determined. All of this became particularly apparent in connection with the Arab oil embargo of 1973 and 1974. This was followed by the administration's extensive reassessment of issues connected with the American economy's supply of raw materials. In a special report, the Council on International Economic Policy also concluded the "vulnerability" of the system of foreign deliveries of chromium, bauxite and platinum to the United States. Even then, imports already satisfied almost 100 percent of the demand for these materials, more than 80 percent of the demand for mercury, manganese, cobalt and nickel, one-third of the demand for tungsten, zinc, lead and titanium and so forth (p 35).

The section on Canada is quite interesting. It relates how extremely different and frequently opposing interests and goals become apparent during the process of the engineering and implementation of Canadian foreign economic policy. These include the conflicts between the conservative opposition and the liberal government and the confrontations between the provinces

and the federal authorities and between non-monopolized business and the monopolies, particularly the American ones. The author of this section--Professor Edward English, who was for many years the assistant of Canada's deputy minister of consumer and corporate affairs--apparently represents the pro-American segment of the upper stratum of Canadian society. This is attested to by his position on a number of fundamental Canadian problems.

In noting, for example, that the considerable onesidedness of the economic structure of Canadian industry and the presence of a multitude of small and ineffective enterprises with an exceptionally broad product assortment are the result of the transnational corporations' control over a large part of the nation's processing industry (p 162), the author actually does not raise any questions about the continuation of the open door policy for American capital. Moreover, he believes it is quite improbable that P. Trudeau's emphasis since 1972 on long-range economic goals, including the diversification of foreign trade ties as a counterbalance to the exclusive influence of the United States, can make any significant contribution in heightening the effectiveness of the Canadian national economy. He obviously prefers selective integration agreements with the United States, like the Autopact, to Trudeau's emphasis, even though these agreements can bring Canada sizeable losses as well as certain benefits.

The section on the "political economy of North-South relations" contains sensible judgments. Its author--Roger D. Hansen, representative of the American office for assistance to the developing countries and the Foreign Affairs Council--takes precisely this vantage point in his attempt to expound, as it were, the philosophy of the history of the "Bretton-Woods world"--that is, the postwar development of the system of international economic relations in the capitalist world. He acknowledges that this system was essentially an American creation with some English touches. It is not surprising that for more than 2 decades it has served the political and economic goals of the one and only "industrial and military superpower--the United States" (pp 223-224) and has had little concern for the interests of the economically underdeveloped countries.

For a long time, they only raised the question of stabilizing prices on their main export commodities, the expansion of access to the capitalist markets and assistance for accelerated economic development. With rare exceptions, Hansen states, these appeals were ignored, while the major portion of assistance was sent to countries whose pro-Western orientation was considered important within the context of the cold war (p 218). The "North," he testifies with official figures at his disposal, never even came close to attaining its repeatedly declared goal of granting government assistance for the development of the "South" in the amount of 0.7 percent of the annual GNP and, moreover, in the 1960's and 1970's the proportion accounted for by this assistance in the GNP even displayed a tendency toward reduction. For example, while in 1960 the total assistance rendered by the United States amounted to 0.53 percent of its gross product, the figure was 0.31 percent in 1970 and 0.20 percent in 1975. The respective figures were 0.56, 0.37

and 0.32 percent for England, 1.38, 0.66 and 0.51 percent for France, and 0.22, 0.16 and 0.08 percent for Italy (pp 221, 222). Total Western assistance to the developing countries from all state and private sources of financing rose from 8.4 billion dollars in 1962 to 19.7 billion in 1972 (p 231), but most of this increase was absorbed by the rising prices in the capitalist market.

Since the beginning of the 1970's, the authors acknowledge, the Bretton-Woods system has been experiencing a crisis, and the developing countries have been waging a struggle for a "new international economic order" which involves demands that are incomparably broader than those made in the past. In this section, the author correctly considers the question of future prospects, examining them (pp 228-244) mainly from the standpoint of the probability of the preservation of some degree of solidarity among the developing countries, which will be necessary in negotiations with the United States and the other capitalist states on the substantial reorganization of the "rules of the game" in international economic relations. His line of reasoning seems to be of great instructive significance for the assessment of the views of American, and not only American, liberal bourgeois circles which take an active part in making and implementing U.S. foreign economic policy.

#### Differences Between American and European Multinational Corporations

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 78  
pp 123-125

[Review by A. A. Smirnova of the book "Multinational Corporations in Comparative Perspective" by G. LaPalombara and S. Blank, New York, The Conference Board, 1977, XIV plus 76 pages]

[Text] The work being reviewed is a publication of The Conference Board, a New York research institute. Its authors--the institute's research associates J. LaPalombara and S. Blank--have attempted a comparative analysis of the organizational structure and some aspects of the activity of American and European multinational corporations operating in such countries as Canada, Italy, Brazil and Nigeria.

The authors have tried to explain how the American multinational corporations are distinguished from the European and how the national affiliation of the corporation affects its organizational structure and "manner of behavior." It would seem that The Conference Board, which is connected with the U.S. State Department in its research work, did not happen on this subject by accident. The book implies concern about the Europeans' attempts to respond to the American "challenge" thrown down by U.S. state-monopolistic capitalism by means of the active foreign economic expansion of the American multinational corporations and the creation of an extensive production and sales network spreading throughout the capitalist world.

Deliberately dramatizing the plight of the American corporations in their host countries and underscoring the alleged indisputable advantages of the Europeans, the authors, without providing any specific instructions, attempt to map out the possible ways of modifying the organizational structure of the American corporations to increase their competitive ability in the struggle against the European corporations.

The work is based on the data of a survey of 487 persons in five countries. They include officials of the American Government and the governments of Canada, Italy, Brazil and Nigeria; the administrators of American and European multinationals; labor leaders in the "host" countries; representatives of industry and scientists. Twenty American and non-American corporations operating in five branches of industry--chemicals, the automotive industry, pharmaceuticals, coal mining and electrical equipment and radio-electronics--represented the objects of analysis.

In the first chapter, the authors attempt to define the basic aspects of the "host" countries' attitude toward international monopolies. As the authors state, citing the survey data, in all four countries, and "particularly in Canada and Italy, the benefits brought to the host countries by the multinationals are widely known" (p 6). Various strata of society, however, have different views on the multinational corporations. For example, the bureaucrats in state branches of industry are the sworn opponents of these corporations. Local businessmen are "more benevolent," with the exception of those who must compete directly with the multinationals in "their own" branches of industry. The leaders of the labor movement have taken a dual stand. On the one hand, they regard these corporations as a source of additional jobs. On the other, they fiercely criticize them if the workers employed at enterprises of the multinational corporations are prohibited from joining labor organizations, since the managers--particularly of American corporations--try not to recognize labor unions and, in order to avoid the unification of workers, sometimes set salaries at the overseas branches of their corporations that exceed the branchwide average in the host country.

In general, the authors note, a "cautious and even hostile" attitude is taken toward these corporations in all four countries, since their very activity signifies the "dependent development of the host countries" and this arouses "a sense of helplessness and bitterness against the stronger states and their corporations" (p 7).

Dissatisfaction in the host countries is not only aroused by the realization of their dependence, but also by the fact that the multinationals do not take the goals of the national development of these countries into consideration. The authors quite unjustifiably accuse the governments of the host countries of being unable to precisely formulate the objectives of their countries in economic development (p 12), "forgetting" that the multinationals are only concerned with their own potential benefits and profits, and not with the national economy of the host country.

The authors also attempt to compare the organizational structures of the overseas branches of American and European multinationals.

A high level of centralized management is characteristic of the American corporations, while autonomy is typical of the European firms.

The authors try to determine the particularly factors lying at the basis of the differences between the organizational structures of the American and European multinational corporations. They conclude that the "age" of the firm, the experience it has accumulated in overseas operations, the level of its technology, the size of the domestic market in the corporation's base nation and the position occupied by this nation in the system of international economic relations are the main reasons for these differences.

The last factor is of particular interest. "An aggressive, irritable and condescending attitude toward the host country on the part of the managers of overseas branches of American corporations cannot be separated from the place and role of the United States in international politics." On the basis of the survey data, the authors conclude that the nature and style of the behavior of the managers of American corporations are influenced by the "comparative strength" of the host country's government in relation to the United States. Many of the respondents, particularly the managers of European corporations, stress the fact that it is now an "advantage for the multinational corporation" to not be obviously "American" (p 31). Realizing this hostile attitude toward themselves on the part of various circles in the host countries, the American corporations have recently used every possible means of camouflaging their activity.

The authors devote a great deal of attention to the approaches taken by the American and European corporations to joint enterprises. They point out the fact that the largest shareholders and managers of American and European corporations prefer total ownership of their own overseas enterprises and 100-percent control over their activity.

Under the present conditions of an upsurge in the national liberation movement in the developing countries, however, it is becoming increasingly difficult, and sometimes absolutely impossible, to form 100-percent branch establishments. For this reason, joint companies are created, which represent a form of foreign economic expansion by the multinationals.

The survey data indicated that most of the managers of American corporations have resisted the creation of joint companies and are doing everything within their power to prevent this. There have been cases when they have even preferred to decline a market than to create joint enterprises. The managers of the European multinationals, despite their negative attitude toward joint enterprises, never decline a market and eagerly establish contacts with the "natives." The authors stress, however, that the words of the managers of American corporations are not always consistent with

their deeds. For example, two-fifths of all of the overseas branches of the American multinationals and 50 percent of them in the developing countries are joint companies (p 40).

Calling upon the American multinationals to "improve" their activity and to "take a lesson from the Europeans," the authors simultaneously acknowledge the fact that the expansion of the corporations is giving rise to an increasing number of extremely complex political and socioeconomic problems in their host countries and in the entire international economic system of capitalism as a whole.

#### Canada's Nuclear Potential

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 78  
pp 125-126

[Review by Ye. V. Israel'yan of the book "On Things Nuclear: The Canadian Debate" by Peter G. Mueller, Canadian Institute of International Affairs, 1977, 39 pages]

[Text] The author of the book being reviewed is P. Mueller, prominent Canadian specialist in the field of strategic research. The purpose of the work is to provide the reader with a brief summary of the development of nuclear power engineering in Canada and to summarize some of the results of the current heated debates on the prospects for the use of nuclear power (pp 2-3).

Canada's collaboration with the United States and Great Britain in the development of the atomic bomb during World War II played an important role, the author notes, in the establishment of Canadian nuclear power engineering. As a result, he writes, by the end of the war Canada had "an industry and technological base for the development of the new source of energy, extensive opportunities for the exploitation of rich deposits of uranium ore presented themselves, and the first reactor outside the United States was built" (p 5).

Commenting on the successes achieved by the Canadians in the area of nuclear power engineering during the postwar period, P. Mueller writes that Canada now holds sixth place in the world production of atomic energy (p 7). A reactor of unique design (known by the acronym CANDU) has been built here, operating on crude uranium and heavy water (American nuclear reactors operate on concentrated uranium and light water). The author objectively assesses the economic advantages of the CANDU in comparison with American reactors (the lack of necessity to concentrate uranium and so forth) and the danger involved in the use of Canadian reactors. In operation, the CANDU emits twice as much plutonium as light-water reactors. For this reason, P. Mueller concludes that the "CANDU system, despite its higher initial cost, provides certain benefits to nations whose only goal is to acquire nuclear weapons" (p 34).

Government policy in the field of power engineering and the peaceful use of nuclear power, the author notes, is the topic of heated debates in Canada. Those who advocate the substitution of the atom for other sources of fuel maintain that the CANDU system has not only proved its suitability for the needs of the national economy but also presents no danger to human health and has no harmful effects on the environment. In their opinion, the quickly rising prices of oil and natural gas make atomic energy relatively inexpensive, since Canada will be able to satisfy its own demand for uranium ore and heavy water for a long time (p 15).

Those who oppose the use of nuclear energy feel that the only solution to the energy crisis lies in conservation, which will aid in reducing the growth rate of energy consumption from the current 7 percent a year to 3.7 percent in the coming decade (p 15), and in the use of new sources of energy. The supporters of this view feel that electric and atomic power are costly and high-quality types of energy which are not being used economically at the present time: Around half of this energy is used to heat and cool buildings and water. These needs could be completely satisfied by means of other sources of energy--the sun, the wind, the tides, etc. The use of these sources would be equally suitable in urban and rural areas, would not require large capital investments and would not harm the environment.

The author himself believes that atomic energy is the most promising branch of the Canadian economy. According to his calculations, the production of energy at Canadian nuclear power stations will double during the next 5 years and could account for 40 percent of all electric power produced in the nation by the year 2000 (p 7). One of the world's largest nuclear power stations has been built in Pickering, Ontario. Vast programs for the development and utilization of nuclear power have been drawn up for Quebec, Manitoba and the Maritime Provinces. At the same time, P. Mueller is of the opinion that the development of an energy policy for a nation with such varied needs and requirements will necessitate the use of the entire broad spectrum of available energy resources in the nation with the institution of the proper measures to combat environmental pollution. In western Canada, in his opinion, the rich deposits of bituminous coal should be used more widely (p 16).

The author analyzes Canada's role in the international trade in uranium ore and nuclear technology, as well as the possibility of using this channel for the proliferation of nuclear weapons. According to the author, a system of control could reduce or postpone, but not prevent, the use of nuclear materials and technology for military purposes. The effect of regulations concerning the nonproliferation of nuclear weapons is largely diminished by the reluctance of a number of states, including two nuclear powers--France and China, to sign the nonproliferation treaty. And, finally, the development of an effective system of control over the use of nuclear equipment and materials is made quite difficult by the rivalry between the exporting



states and their economic interest in nuclear shipments. According to the author, it is precisely the desire of the suppliers of nuclear equipment and materials to gain a stronger economic position in the sales market that has greatly complicated the negotiations in London, where conferences have been held each year since 1974 for the chief nations exporting nuclear technology and fissionable substances (p 37).

Although he describes the activities of the IAEA and the conferences of the nations exporting nuclear technology and fissionable materials in great detail, P. Mueller says nothing about the initiatives of the USSR and the other socialist countries to reinforce the regulations concerning nonproliferation. Besides this, the author loses sight of the fact that the complex problem of the nonproliferation of nuclear weapons cannot be solved merely through measures of a technical nature (for example, a stronger system of control). If this goal is to be attained, it will be just as important to create an international atmosphere which will favor the establishment of peaceful relations between states and eliminate the need to "join the nuclear club." An underestimation of the peaceful initiatives of other states and the opportunities presented by international detente lead the author to conclude that struggle against the proliferation of nuclear weapons is hopeless.

#### State Regulation of Economic Activity

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 78  
p 127

[Review by A. A. Poduzov of the book "Gosudarstvo i monopolii SSHA (gosudarstvennoye stimulirovaniye strukturnykh sdvigov v ekonomike)" (The Government and the Monopolies in the United States [Government Stimulation of Structural Changes in the Economy]) by Yu. I. Rigin, Moscow, Mysl', 1978, 240 pages]

[Text] One of the major areas of state-monopolistic regulation of the U.S. economy during the postwar period has been the stimulation of structural changes. The chief purpose of this is to achieve the more flexible adaptation of the economy to the conditions being objectively established during the process of the current technological revolution, which is simultaneously reflecting the further intensification of internal conflicts in the capitalist society.

The author of the work demonstrates that the considerable intensification of governmental stimulation of structural changes in the U.S. economy during the last decade has had a certain effect. This has been reflected in the more rapid absolute and relative growth of branches in which technological progress is primarily manifested, especially engineering, the electrical equipment industry and radioelectronics. In turn, the increasingly important role played by these branches has had a stimulating effect on the entire American economy.

The author's main intention (and we feel that he has been successful on the whole) was to analyze the tools used by the government for purposeful influence on the economic structure: the ties between individual branches, between different production units within the branch, etc.

A great deal of space in the book is devoted to such spheres of state regulation as the production infrastructure (the main components of which are power engineering and highway construction) and the economically underdeveloped regions of the United States. The investigation of this aspect of state activity is particularly important in connection with the current tendency toward further reinforcement of the economic role of the production infrastructure. In turn, this process has been one of the main factors responsible for changes in the regional distribution of productive forces.

The author also examines the largely unproductive attempts of federal agencies to prevent a number of regions from becoming even more backward in the economic sense, as this creates new seats of social tension. As Yu. I. Rigin points out, the many programs of regional economic development, which now cover more than one-third of all the nation's territory, have only slowed down the process to some degree in several cases.

At the same time, it must be said that the place occupied by the problem in question in the total system of federal economic regulation in the United States is not demonstrated clearly enough in the work being reviewed. We could also make some other, more specific comments. For instance, it is hardly correct to assign the "depletion allowance" granted to American mining companies to the category of amortization measures.

#### Soviet Views On American Issues

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 78  
p 127

[Review by O. Sh. of the book "Soviet Writers Look at America," compiled by Oleg Prudkov, Progress Publishers, 1977, 300 pages]

[Text] The 25 authors of the book entitled "Soviet Writers Look at America," published in English for American readers, include famous writers, scholars and journalists. The collection includes works by K. Simonov, B. Poleyov, S. Kondrashov, V. Peskov, B. Strel'nikov, A. Fursenko, N. Yakovlev, V. Zorina and other renowned Soviet authors.

Many topics are discussed in the work. But there is one of particular interest, this is the problem of Soviet-American relations in the 1970's, on the status of which too much depends in today's world. The concluding article in the collection by Academician G. A. Arbatov presents a cogent analysis of the complex and important aspects of the relations between the two states.

COPYRIGHT: Izdatel'stvo "Nauka", "SShA - ekonomika, politika, ideologiya", 1978